

NATION'S BUSINESS



OCTOBER • 1935

The Constitution and the Citizen

By Judge Maxey

Just What Are Unfair Practices?

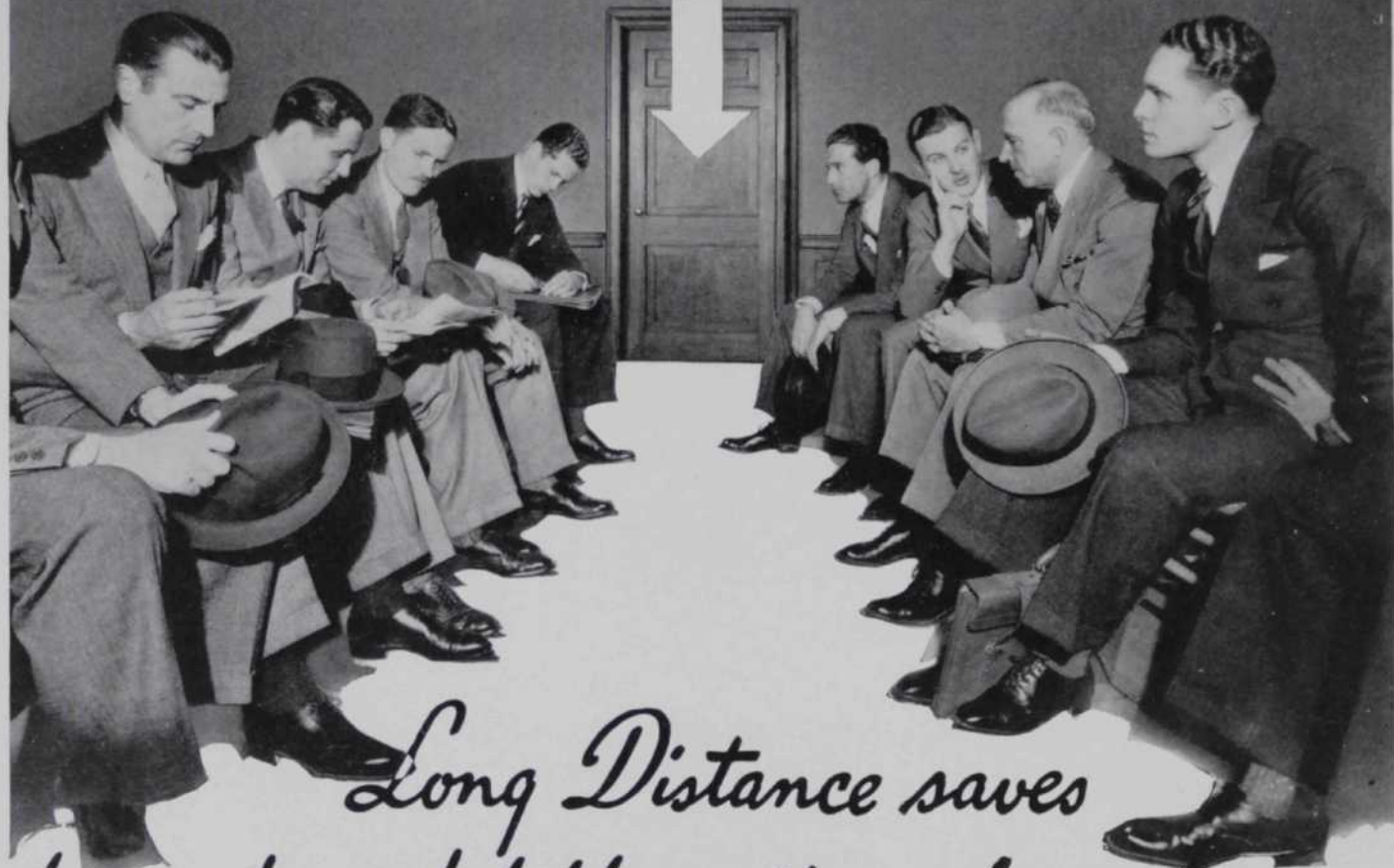
By Paul H. Hayward

Showmanship and Shoppers

By Ruth McInerney

270,000 CIRCULATION

**PUBLISHED BY THE CHAMBER OF COMMERCE
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Long Distance saves legwork and lobby-sitting for salesmen

SEVERAL YEARS AGO, Chicago Pneumatic Tool Company found that entirely too much of their salesmen's time was wasted waiting for interviews. "How," asked officials, "can we cut down this waste, cover more territory, find time for *new* prospects?" All three questions were answered by a systematic telephone plan prepared with the help of the telephone company.

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increased coverage from 4 to 11 towns per salesman per week!

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tents of the basement, but the entire structure, in addition to liability for damage to the property of others.

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SILLIMAN EVANS, President

BALTIMORE, MARYLAND



DETERMINING THE COURSE OF BUSINESS

Without a sextant; without a compass; without a barometer; the Captain would be at the mercy of the elements and only providence would ever bring him into port.

So it is with many Captains of business. Without the proper tools of management to give them information about their progress, they flounder; always wondering what to do next; never feeling quite sure of any of their decisions; guessing, hoping, risking. Some are lucky! More are not!

Other business Captains, and there are 30,000 of them, have adopted Acme Visible Records to guide them. Their decisions are based on facts they can see in no other way. Their Acme Records, with simplified signals and charts, flash warnings, indicate opportunities and trends while there is still time to do something about them.

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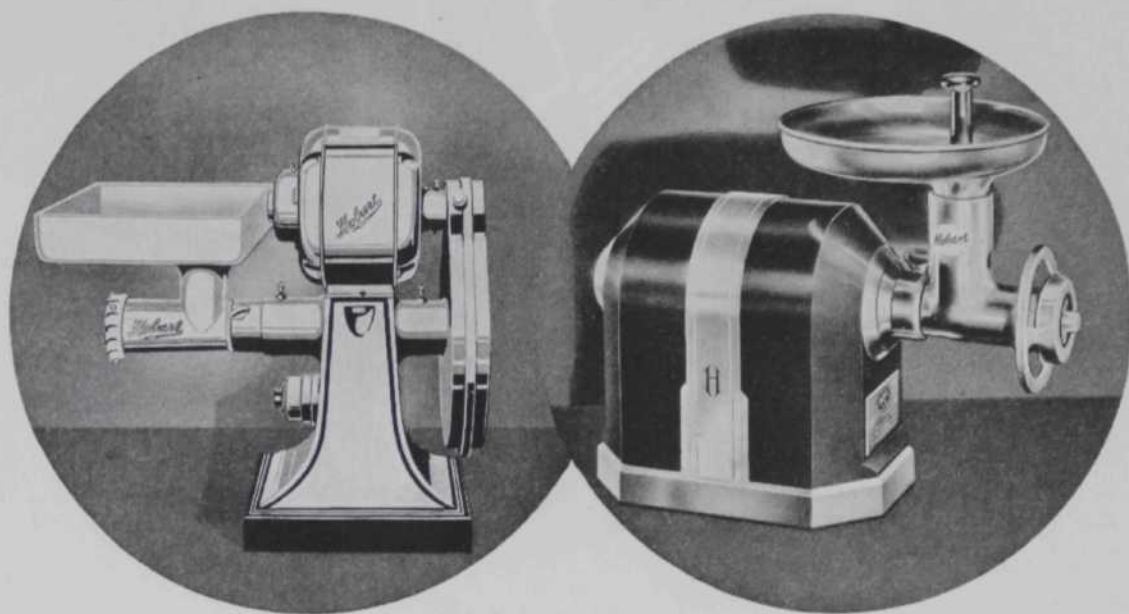
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Then-Parts were hung on a Pedestal

NOW-THEY'RE HOUSED IN BAKELITE MOLDED



MEAT MINCING took a long forward step when the motor-driven chopper displaced a pair of cleavers wielded by a skilled and brawny-armed butcher. Now the familiar old pedestal type meat chopper with exposed motor, bearing oilers, drive, and switch, makes way for the modern machine with all of these parts hidden from view within a Bakelite Molded housing.

Modern materials, as well as modern product designing, are responsible for this finer, handsomer Hobart Chopper. Cutting knives are of stainless steel; bright parts of gleaming chrom-

ium plate; and the housing itself is of permanently lustrous Bakelite Molded. This material is ideal for the purpose as it cannot corrode, is unharmed by grease or moisture and is quickly wiped clean with a damp cloth. The color is in the material and will not rub off nor peel.

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quent machining, polishing, or plating is required.

Manufacturers of appliances and devices of all kinds have found in Bakelite Molded a material that makes modern redesigning economically practical, and at the same time makes products more saleable through improved appearance. We invite you to consult us about the advantages of Bakelite Molded for your own products, and also to write for a copy of 48-page illustrated Booklet 1M, "Bakelite Molded".

Illustration shows old and new style Meat Choppers by Hobart Mfg. Co., Troy, O.

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THE MATERIAL OF A THOUSAND USES

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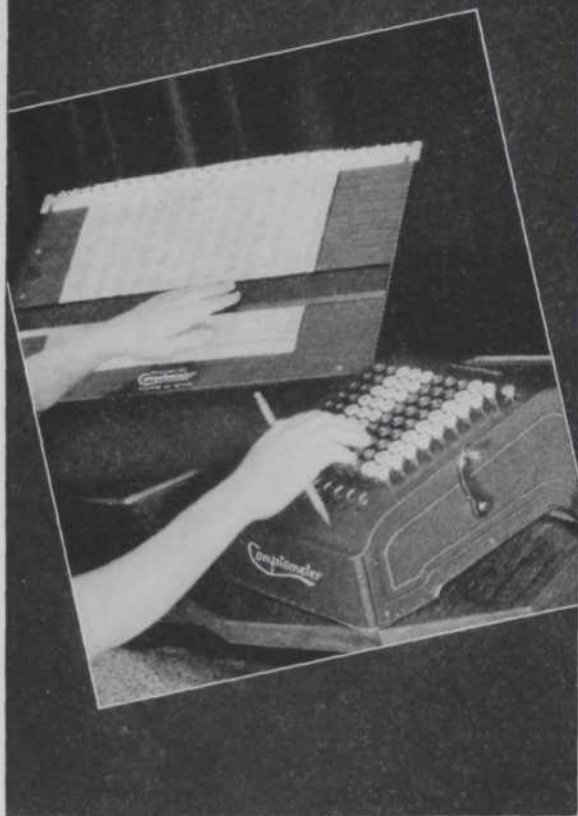
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WHY ALLEGHENY STEELS ARE USED

The Rainbow is a Piker

IT'S LIKELY that folks will continue to say 'all the colors of the rainbow,' but really, the textile industry in these enlightened days could give the rainbow cards, spades and little casino. Walk in any department store and see for yourself. Materials run up and down the chromatic scale in such profusion of hue as to leave one gasping. The simple primary and secondary colors of our youth have multiplied to the nth degree.

There's a connection between Allegheny Stainless Steel and this kaleidoscope of color, but it doesn't appear on the surface. You have to go back to the textile mill—to the chemist and his dyestuffs—to the big dye-kettles where the transformation is wrought. For the sake of durability, and for easier cleaning between batches of different colors, it is desirable that these kettles be made of metal,—and there's the rub. Many of the dyestuffs attack ordinary metals, pitting the surface until cleaning is a hopeless task, forming metallic impurities that make a mockery of dyeing formulas.

So, mill after mill has installed Allegheny Metal equipment. This time-tested stainless steel prevents any chance of metallic off-shades, and insures that every delicate nuance of color will come out true and bright. Its hard, impervious surface simplifies cleaning and greatly reduces the necessity for maintenance and the possibility of breakdown.

In short, Allegheny Stainless possesses the enviable properties of improving and protecting the quality of the products, while reducing operating and maintenance costs in the plant. These characteristics are *basic*. They have helped the textile industry to outdo the rainbow, and they are equally valuable to *all* process industries.

.

ALLEGHENY METAL—the time-tested stainless steel of universal application — is a product of **ALLEGHENY STEEL COMPANY**, Brackenridge, Pa.; who also manufacture electrical sheets, auto body sheets, metal furniture sheets, black sheets, castings, pipe, and boiler tubes; whose products are carried in stock by all Jos. T. Ryerson and Son, Inc. Warehouses, by Union Hardware & Metal Co., Los Angeles, and by American Brass & Copper Co., San Francisco, Oakland.

Allegheny Metal is licensed under Chemical Foundation patents 1,316,817 and 1,339,576.

ADVERTISEMENT

Through the Editor's Specs

No snobbery in sweat

RESPECT for work and workers has long been one of America's proudest distinctions. This attitude of mind has operated to prevent the development of a European or Asiatic caste system while at the same time permitting the free flow of ambition from one income level to another. With reason it has been said that the America which pays school taxes and believes in their wisdom as an investment has always been fearful of and hostile to the kind of education that makes a man ashamed to take off his coat and sweat.

"Educational advantages," the fortunate graces bestowed by birth and breeding may serve to ornament individual resourcefulness. They cannot take its place nor can they within themselves justify discriminations in a common experience which tests the country's spiritual assets as severely as its material resources. Democracy, the depression years have revealed, is in need of broader definition. It is more than a political concept of government by the people.

Deeper is its significance as a productive compact which says, in effect, that within every man is the power to increase his wealth, his happiness, and his security. That the ideal is largely attainable is substantially demonstrated through the characteristic reluctance of millions of gainfully occupied citizens to wear the imported label of "proletariat."

As long as working for one's living persists as the accepted lot of all Americans, the idea of a nation sustained on the bowed backs of drudging serfs will continue to belong to other civilizations. Well and truly it can be said of the United States that its "labor" has no capital "L."

Use and abuse of bankers

BANKING is not what it used to be, as a country banker's story in the September issue eloquently reveals. How wide and deep the revisions of established practice by changes in public policy only a banker of the old

school can know by experience. Significant details of the consequences traceable to the novelties issuing from Washington are disclosed in a letter from the head of a thrift assurance company in the West.

He writes of a bank which has lost \$200 a month in income through deprivation of interest on its average daily deposits with other banks. Also, through competition of a federal loan agency it has lost \$60,000 in loans aggregating about \$400 a month in interest. Additional items of loss amounted to \$200 more, making the total loss about \$1,100 a month.

What the expanded activities of public authority mean to banking he reads with reasoned pessimism:

Bearing in mind the new banks organized on a 50-50 basis, Government taking half and individuals the other half, and no double liability for stockholders, and bearing in mind the killing competition that the Government is giving the private banker by lending money through its various agencies, the direction of the small bank is exile.

Whatever may be said for banishment as a device to which oligarchies have regularly resorted, the "exile" of private banking is not likely to appeal to seasoned political strategists. They know the usefulness of a public whipping boy—and they are not the ones willingly to put bankers out of reach of tongue lash. Bankers will get a new lease of life, not because politicians love them for themselves alone, but because they are demonstrably serviceable in diverting the lightnings of popular wrath.

Salesman, summa cum laude

MILLIONS of people knew John North Willys through the motor cars which bore his name. Few knew the prodigies of courage performed by his driving optimism. His death has brought revelation of a career which began in the heyday of the bicycle business.

At the turn of the century he was selling automobiles. By 1906 he had organized the American Motor Sales Company, one of the first big distributors of automobiles. Plans to

After 150 Years are we Keeping Faith?



WEBELIEVE George Washington would be proud to sit as chairman of the board of the railroad which pioneered genuine air-conditioning; rejected make-shifts; put the safety, the comfort, the cuisine and the service of a Fraunce's Tavern on spinning railroad wheels; which developed a fleet of trains that have won world renown; a railroad which attracts the most distinguished, the most discriminating and the most experienced travellers in the world.

Our pledge to the Founder's memory is our pledge to you who travel. Now, or a hundred years from now, Chesapeake and Ohio Lines must give better transportation.

THE GEORGE WASHINGTON • THE SPORTSMAN • THE F. F. V.
The Finest Fleet of Genuinely Air-Conditioned Trains in the World



George Washington's Railroad
CHESAPEAKE and OHIO
Lines
Original Predecessor Company Founded by George Washington in 1785

1785 • ONE HUNDRED AND FIFTIETH ANNIVERSARY • 1935

take the entire output of Overland forced him to make a virtue of necessity. He had agreed to sell 500 cars and put up \$10,000 as a guaranty of good faith. The cars did not come through. He went to Indianapolis to know why. He found the company on financial rocks.

Never did his flair for turning trouble into profit stand him in better stead. He had to save the company to save himself. He became a manufacturer by force of circumstances. Four years after he took over the Overland factory, he controlled every share of stock. Its market value then was \$6,000,000. It was said that he literally "sold his way out of the panic of 1907." Overland production by 1913 had risen to 50,000 cars.

His energy knew no bounds. He bought a license for the sleeve valve Knight engine, and made it pay. When the war broke, he got control of the Curtiss Aeroplane & Motor Company. Other ventures included the Moline Plow Company, Fisk Rubber, and Electric Auto Lite.

To say that he was an opportunist obscures the major reason for his success. He was a truly great salesman. The "road" was his sovereign cure for economic ills.

When business slumped, he fared forth to communicate and share his own radiant confidence. Over and over again he visited dealers, renewed and restored their faith in him, his company, its products and their opportunities.

"Vision" to him was an exhaustless stock in trade. What he dreamed he practised. Were life not its own epitaph, there would be adequacy and aptness in his words, "I would rather be wrong as an optimist than right as a pessimist."

Volts for everybody

LIKE the camel of the old proverb, the EHFA gives indication of preparing to follow the nose it pushed into instalment selling with a body which could penetrate the whole structure of consumer credit. Sponsored by the President, December, 1933, the EHFA was incorporated in Delaware to use \$1,000,000 from the original public works fund and a credit from the RFC in financing sales of electrical appliances to farmers and home owners of the Tennessee Valley, laboratory of the TVA.

In the course of its sales campaigning, the new distributing authority struck a snag in a decision which linked it with the TVA and declared the TVA unconstitutional. Judge Grubb, sitting in the Federal District Court at Birmingham, also threw out the contract by which the Alabama Power Company was to collect instal-

ment payments from EHFA customers.

Subsequently he was reversed by the Circuit Court of Appeals in New Orleans. With this new lease of life, the vision of a broader activity could take form. Now it is reported that the EHFA will seek a charter to finance sales of gadgets not only in the Valley region but throughout the whole country to aid the new rural electrification administration.

Consistent as this development might seem in the present pattern of government competition with business, its implications range far beyond any immediate influence on established sales policies. Most disturbing is the logic of those who profess to see in this precedent the forerunner of public financing of consumer buying in other fields. No second sight is needed to envisage the political capital which could be made by publicizing the idea of a federal "yardstick" for interest rates on deferred payments.

A new "high" in paternalism

TAKING in each other's washing is no distant state of affairs if the prospectus circulated by a civilian preparatory school be taken at its word. To quote,

Uncle Sam has a tremendous number of people working for him . . . his jobs are fine jobs . . . he hires thousands yearly . . . the turnover—due to pensions, deaths and other causes—of 700,000 people must be enormous every year. Thus he must hire thousands each year. And that is a far better opportunity today to obtain work with Uncle Sam than there is with private industries throughout the land.

Whether or not "the above statements are facts and the conclusions obvious," as the circular says, it could be reasonably argued that the current trend of government would eventually eliminate the possibility of comparing the attractions of public and private employment.

So this is business?

ONE of the month's best selling stories comes to us via the Aluminum Company of America and concerns an aluminum salesman who received a hurry-up call for help from one of his customers. Responding, the salesman found that what the customer wanted, and wanted quickly, was a single sheet of aluminum, about .00035 of an inch thick and five or six inches square. The salesman was stumped for only an instant. Then:

"Got a nickel?"

"Sure."

"Gimme—and I'll be back in a minute."

He returned from the drug store



Good Looks! Good Business!

It is a pleasure to transact your affairs in an office that has Venetian Blinds. It is good business to receive important callers in the atmosphere of dignity and repose which they create.

And it is especially good business to choose for your office the very finest of blinds—*Columbia Venetian Blinds*.

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ADDRESS

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Throughout the building field, copper, brass and bronze are replacing less serviceable materials. These durable metals, *on the basis of service per year per dollar*, are more economical for flashings, gutters, pipe, screening, storage tanks... and roofing. (See illustrations at the right.)

In industry, where local conditions of rust and corrosion are frequently severe, copper and its alloys are paying for themselves many times over by affording *absolute freedom from rust*. One of many instances: storage tanks of non-rust Everdur metal *which last indefinitely*, cost much less to own than rustable tanks which give inferior service and sooner or later require replacement.

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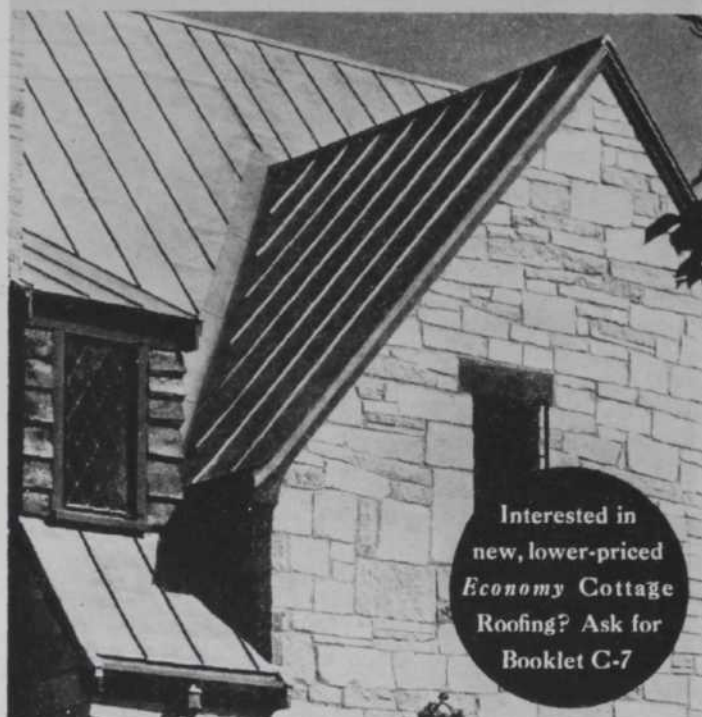
Anaconda copper, brass and bronze in all wrought commercial forms are carried in stock by leading distributors. The services of Anaconda metallurgists and sales engineers cost nothing, yet often prove of inestimable value.

THE AMERICAN BRASS COMPANY



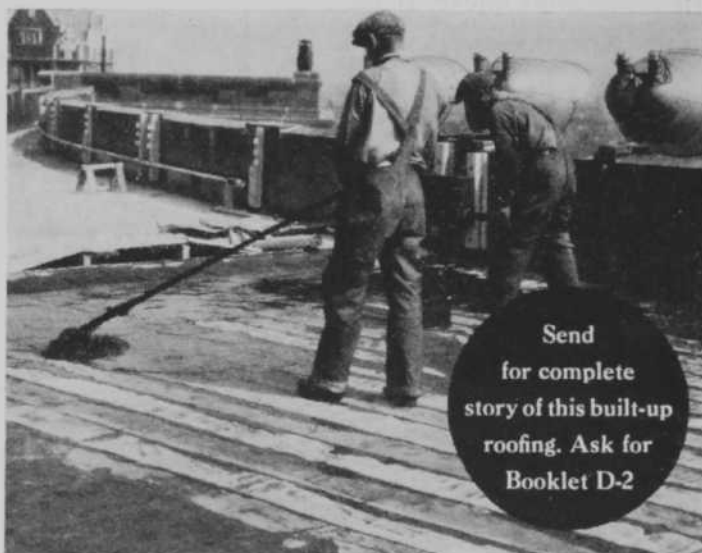
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story of this built-up
roofing. Ask for
Booklet D-2

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FHA facilitates loans up to \$50,000 for improvement of business properties and industrial plants, with smaller amounts for residential modernization and new construction. We will undertake to answer any specific questions you may have concerning FHA aid in financing.

ANACONDA COPPER & BRASS

across the street with a five-cent chocolate bar, solemnly stripped the aluminum foil from the bar, and handed it to the importunate customer. Then they ate the chocolate.

Mutiny on the Potato Front

NEW JERSEY potato farmers, by report from the Lambertville sector, are much inclined to look a gift horse in the mouth. After debating provisions of the new amendments to the AAA act, they dispatched a resolution of protest to the White House:

We shall produce on our own land such potatoes as we may wish to produce and will dispose of them in such a manner as we may deem proper.

The farmers decided they would not abide by the ruling to raise only five bushels for their own use and get permission from the Department of Agriculture if they wanted to raise more. They say they are going to try to induce American farmers elsewhere to "indorse and adopt this stand for the preservation of their rights in their own land." If the action argues that the explosive Massachusetts precedent has taken root in New Jersey, the struggle for rural independence is as like to lay hold of the world's ears as the reverberating blast let off in 1775—

By the rude spuds that lawless lie,
Defiant of remote control,
Hear now the outraged farmers cry,
We've got our Irish up for poll.

Insurance note

MANY write to say that vast expenditures by a political party insure reelection despite the inevitable tax increase. But not so, says Douglas Jerrold, in his new book, "England":

It is, indeed, a profound error of all political parties to suppose that vast expenditure is popular. The English temper errs in quite the opposite direction. We are a good-humored rather than a good-natured people. Our fortitude is expressed in a humorous composure in the face of our own misfortune, not in any spontaneous desire to adventure ourselves to avert or lighten the misfortunes of others.

A census of contradictions

WHETHER variety gives as much piquancy to politics as it does to life in the well publicized proverb, the plurality of paradoxes in the national economy argues that consistency is a jewel of variable value. In an address to the Associated Industries of Missouri, Dr. Willford I. King of New York University said that in the new order, consistency is regarded as reactionary and relegated to the junk heap. To quote:

To illustrate: Because we have overcapacity in our electric generators, the

Government invests many millions in new power plants, as Boulder Dam, in the Tennessee Valley, and in New York City. We limit manufacturing by cutting down hours of labor, at the same time plan new factories to use TVA and St. Lawrence power.

We curtail fundamental governmental activities to keep down expenses, and then spend billions to give useless jobs to the idle. We forbid women to work at home for clothing manufacturers, while relief agencies plan home sewing for women.

We spend some hundreds of millions to retire marginal lands from agricultural production and other hundreds of millions to make marginal land productive by preventing erosion, establishing wind breaks, and various other devices.

We plow up crops to reduce supply and make farm products dear, and then train city people to do subsistence farming to cut down demand and make farm produce cheap.

Planning of this type is, indeed, without parallel in history.

Industry is its own spur

ONE of the most active and migratory fallacies which plague the business community is the belief that industry only advances its practices by the pressure of public opinion. A glance at the annual report of the Mellon Institute reveals a documented affirmation of the self-energizing and persistent search for serviceable truths in the realm of technology. Says Dr. E. R. Weidlein, the director:

In the fiscal year, March 1, 1934, to March 1, 1935, the total sum of \$596,937.68 has been received by the institute from industrial fellowship donors to defray the cost of scientific investigations being carried on for these companies and associations. The money appropriated by donors during the past twenty-four years amounts to \$10,029,544.

What this research has attained in dimension and usefulness is indicated by his assertion that the industrial fellowships of the institute have now passed the one-thousand mark and have served 3,600 companies, either as independent firms or as members of industrial associations.

Jitters

THE chairman of the telephone division of the Federal Communications Commission, which has charge of the investigation of the American Telephone and Telegraph Company, has warned his employees not to accept favors from anybody connected with the company. "Luncheon, theater, golf or club engagements or introductions to clubs or places of amusement, extended as favors from company sources, should be courteously declined," reads Chairman Walker's order.

As the days of suspicious righteousness progress, there may be found a sinister meaning behind the salutation, "Good morning" of a telephone girl to a Commission employee.



The famous Ring-Messhaus... one of the 57 Fair Palaces and Exhibition Halls which house more than 8,000 exhibits.

8,000 EXHIBITORS from 25 Nations
—180,000 buyers from 72 Nations—
such figures just begin to tell the story of the semi-annual Leipzig Trade Fairs. For 700 years the world's market place, these Fairs are known as the foremost barometer of international trade.
The 6,000 exhibits in the General Merchandise Fairs cover every possible



TECHNICAL FAIRS - 2000 EXHIBITORS

item and line for department store and specialty store. The 2,000 exhibits in the Great Engineering and Building Fairs represent the latest developments in machinery, equipment and manufacturing processes of every type.

The buyers and business men who visit each year one or both of the semi-annual Fairs, have a distinct business advantage over those who do not. In less than a week's time they cover both the standard lines and all the newest products—from the whole civilized world. Through such a preview they have complete knowledge of their fields, three to six months ahead of their competitors.

The Spring Fair of 1936 opens March 1st. Let us send you full details—help you determine the profit advantages for your firm, to be gained by covering the Leipzig Fairs. Write for Booklet No. 13. Our New York Office, or an Honorary Representative in your vicinity, will be glad to co-operate in any way. Leipzig Trade Fair, Inc., 10 E. 40th St., New York.

MERCHANDISE FAIRS - 6000 EXHIBITORS



One of the simplest ways to **SAVE YOUR LIFE!**

**Now!—put LIFE GUARD* Tubes
in the tires on your family car**

IT'S all over in a moment. When a tire bursts, the first few seconds tell the whole story of whether you crash or not.

If you can win your desperate fight to control that swerving car with a writhing, flabby, shapeless thing on one wheel, the danger is over.

For the greatest peril of blowouts is *that sudden loss of control* when all the air in a tire escapes in a flash.

You can't buy a "blowout-proof" tire—there isn't any such thing.

But you can buy an inner tube—the Goodyear LIFE GUARD* inner tube—which will *prevent* that sudden loss of control by preventing the complete escape of air, even when a tire bursts wide open.

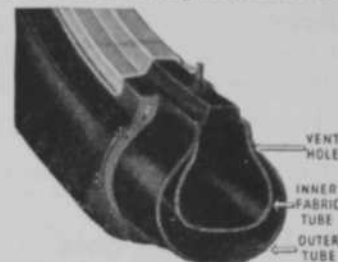
As the illustration shows, LIFE GUARD* is a tube within a tube. It gives you time to bring your car to a safe stop by retaining in that inner chamber a quantity of air under slow release, so that the "let-down" after a blowout is like a slow leak.

Some 1300 different constructions were tried before this safety tube was perfected, and in thousands of tests on speeding cars, with tires spiked, slashed and exploded, it did not fail to function in a single instance.

You ought to have LIFE GUARD* Tubes in *your* car for safety's sake. They are neither cheap to build nor cheap to buy, for their mission is not to save money but to save life.

*LIFEGUARD is a trade-mark of The Goodyear Tire & Rubber Company, Inc.
and is protected by patents applied for

*How LIFE GUARD Tube looks
inside tire during normal driving*



*Casing and outer
tube spiked to cause
made-to-order blow-
out. Note that two-ply fabric-
reinforced inner chamber remains
intact. Car rides on this reserve
air until it can stop in safety*

LIFE GUARD TUBE

For Passenger Cars—Trucks—Buses

THE GREATEST NAME  IN RUBBER
GOODYEAR

MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

NATION'S BUSINESS

★
A MAGAZINE
FOR
BUSINESS MEN
★

Business as Unusual

A COUNTRY whose political and economic nerves have been kept on edge for months can find ready justification for cheering the adjournment of Congress.

Joyous expressions of relief when Congress adjourns have always been the rule, but in recent years the universal thanksgiving has been tempered by the chill of apprehension. For the tendency today is not to write a law so explicit that a citizen could chart his course by the text itself, but rather to grant authority to some bureau or commission, compelling the citizen to wait until such agency prepares its blueprint.

The appalling grist of new laws is only an initial and, indeed, the shortest step. Such legislation simply announces the decision to do something. By far the more disturbing, and longer, and stumbling steps are ahead in the necessary administrative rules that must be formulated. It is as if a decision were reached to build a house. Every house owner knows that his troubles have only begun. If there is need to labor the point, one has only to recall the comparative ease with which legislators set up the idea of NRA; the travail of carrying out the idea extended over months, and involving double section trains to Washington, with literally millions of man-hours and millions in money to work out the specifications.

The plain truth is that business does not, and cannot afford to, forget Congress and the Federal Government in the interlude between sessions. In the present instance much of the new legislation faces a Supreme Court test. This makes for hesitation. Then comes the gigantic task of rules and regulations under which a law is to be administered. This involves interpretations, no less than forms of procedure. Over and above all comes a less tangible, but perhaps most vital factor, the acceptance on the part of the great public of the new law as one that is fair and sensible. It must likewise be enacted in the hearts of the people. It is fair to say that national prohibition was repealed by the public long before Congress acted; that the

effectiveness of NRA was impaired because people found it often impossible of administration—as well as un-American—long before it reached the Supreme Court.

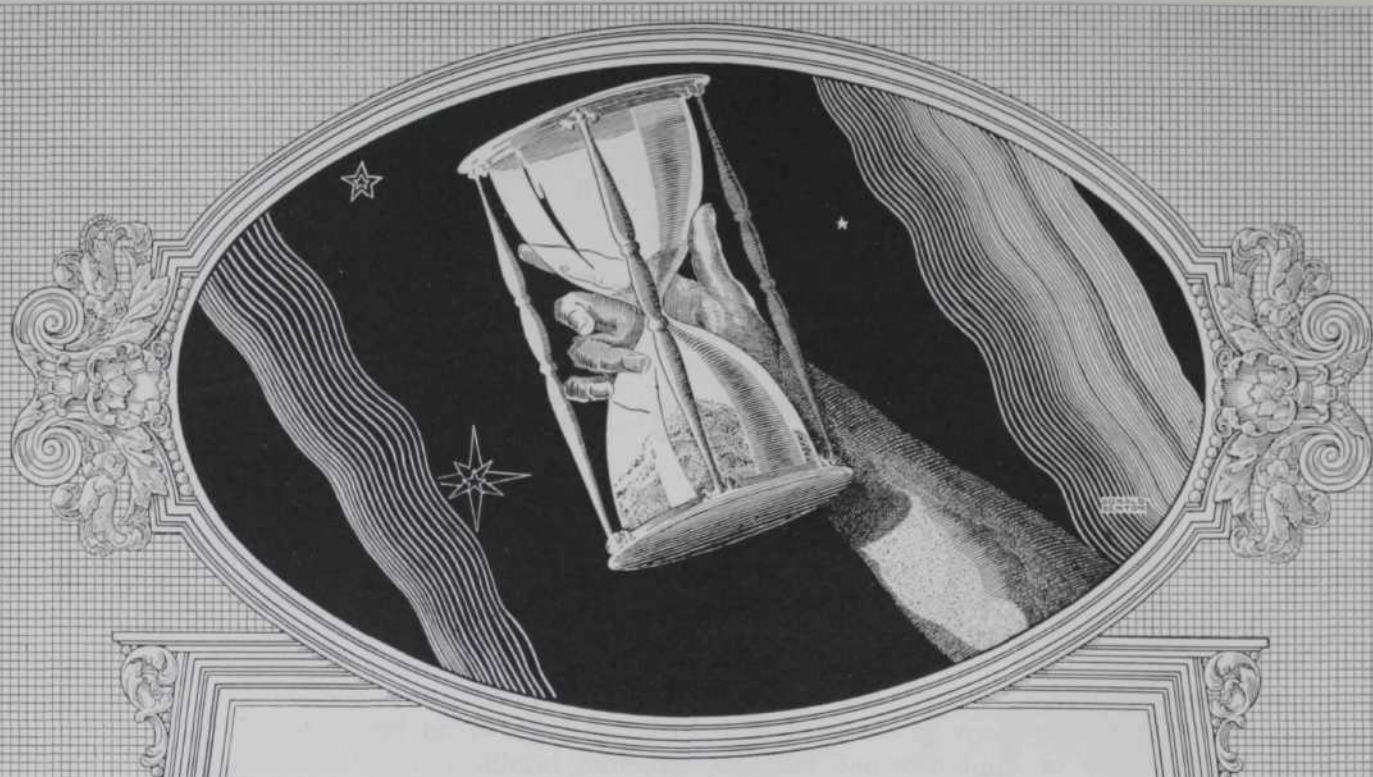
True, Senators and Representatives have packed up and gone home. The rumble of legislative mills is no longer heard, but the far-reaching ramifications of what Congress did can only be conjectured.

Once it could be said that after a man had mastered his own business he had only to watch his competitors. Today, in a time when business takes each day's marching orders from Washington, reliance on the old formula will not do. Now business is confronted with the consistent need to get under the surface and behind the scenes of public policy. No man by his own observation and experience can hope to weigh the passing procession of events in terms of his individual objectives, be his vision ever so clear, his diligence ever so great.

The business press should not miss its opportunity. Its editorial focus is specialized. It multiplies the powers of the individual to capitalize the profound changes which alter the rules of the game—as often by inference as by declaration.

From the first, NATION'S BUSINESS has undertaken to report and interpret the external forces which rule the course of business, the hidden factors which affect its steering, the unknown X's in the equation which plague the practitioner in the field of applied economics. It is an exacting responsibility, and a sustaining satisfaction, to know that 270,000 working business men—30,000 new subscribers in the last year—now look to this magazine to prepare them to operate informedly in a state of affairs in which the once familiar phrase signifying all was well is coming to mean "business as unusual." In a very real sense, "change" has become a staple commodity.

Merce Thorne



TIME TURNS A TRICK

One of the great developments of this inventive age is the Mimeotype stencil. It has brought Mimeographing to a high state of efficiency. It has rounded-out and completed the process. In the last half-century we have made many kinds of stencils, all of which we have originated. But this one tops them all. It will do things that no other stencil has ever done. It has made possible the illustrating of Mimeographed sheets. Quickly, easily, privately, it duplicates forms, maps, illustrated letters, bulletins, house organs with pictures and charts, almost any kind of message used to promote business and education. The *cellulose-ester* stencil! Beautiful work at lowest possible cost. For latest particulars write A. B. Dick Company, Chicago, or see your classified telephone directory for the local address.

M I M E O G R A P H



What the Constitution Means to the Citizen

By GEORGE W. MAXEY

Justice of the Supreme Court of Pennsylvania

FAMILIAR IDEAS of what constitutes government on the American plan have been stretched and strained to keep pace with the tide of emergency legislation put forward in the name of recovery. How the trend of events has elevated the Constitution to an issue of first importance is a continuing front page newspaper story. It takes no partisan bias to discover "the pressing down upon the country of something like a fine wire mesh of regulation of all the people." In the midst of his daily concerns the American citizen is discovering to his dismay that the "blessings of liberty" so bravely heralded in the preamble to the Constitution must still be defended if they are "to endure to ourselves and our posterity." To Judge Maxey the Constitution is no musty document embalmed in the national archives. To him its every phrase and clause is filled with meaning for the individual citizen. In a very real sense his text confirms an earlier judgment, "if we lose our political liberty, our economic liberty will also vanish."

"BLESSINGS brighten as they leave us." People usually pay little heed to the things which serve them best. Almost everyone takes the Constitution as a matter of course—just as a child takes its mother. What the absence of constitutional guarantees means, most Americans may not know, but their Old World ancestors did.

Many years ago in England a man named Walker kept a tavern called "The Sign of the Crown." He told his



James Otis, fiery orator, is called the man who started the Revolution

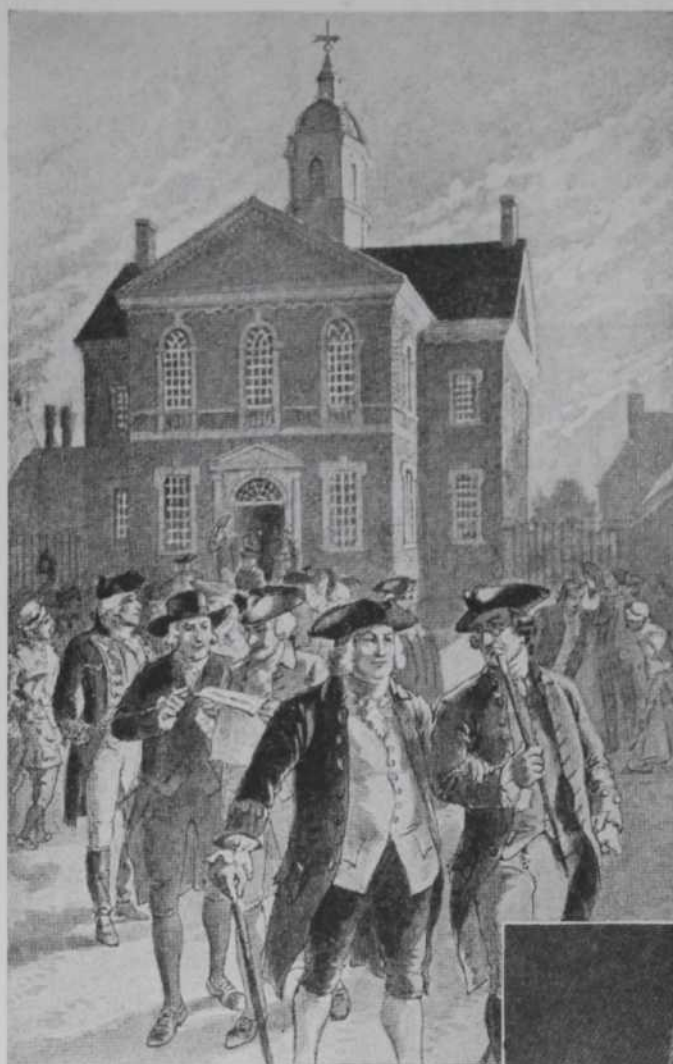
little boy that he would make him "heir to the Crown," meaning the tavern. Because he thus used the word "Crown" he was accused of "compassing the death of the king." He was executed for "constructive treason."

A certain English King once killed a white buck which belonged to Thomas Burdett. The owner, in his anger, said he "wished the buck, horns and all, was in the belly of him who counseled the king to do it." As the king had acted on his own initiative in the matter, Burdett was charged with constructive treason and executed.

When James II was king, Algernon Sidney, one of the noblest of men, jotted down in his own private memorandum his ideas of possible desirable changes in the government. His desk was rifled and the papers revealed. He was executed. The theory was that to express an idea was to commit "an overt act" and if the idea

was objectionable to the ruling powers, the offense was "constructive treason."

Outrages such as these are impossible under the United States Constitution. It defines treason and prescribes its proof. Chief Justice Marshall, in 1807, in the trial of Aaron Burr, forever outlawed from this country the crime of "constructive treason." Albert J. Beveridge in "The Development of the American Constitution" says:



Delegates to the Constitutional Convention leaving the hall

By that series of opinions (in the Burr Case), John Marshall forever overthrew the cruel, brutal, inhuman, illogical British and European doctrine of constructive treason, and established in place of it the humane, reasonable, American doctrine of actual and personal treason. Careful scholars have estimated that, during our Civil War, those opinions of Chief Justice Marshall saved the lives of thousands of innocent men and women who otherwise would have been sacrificed to the passions of war.

In Strachey's "Elizabeth and Essex," the author describes the execution of Dr. Lopez during the reign of Queen Elizabeth. In an era when suspicions were rife, this good man had been wrongfully accused of plotting against the Queen. He was convicted on false testimony in a mere mockery of a trial. He and two others were sentenced to be hanged, drawn and quartered. Strachey thus describes the execution:

The three men, bound to hurdles, were dragged up Holborn, past the Doctor's house, to Tyburn. A vast crowd was assembled to enjoy the spectacle. The old man was strung up, and then cut down while still conscious. Then the rest of the punishment—castration, disemboweling and quartering—was carried out. After the second man was executed the third man was brought forward. His ears were filled with the shrieks and the moans of his companions and his eyes with every detail of the contortions. He was cut down too soon, and lusty

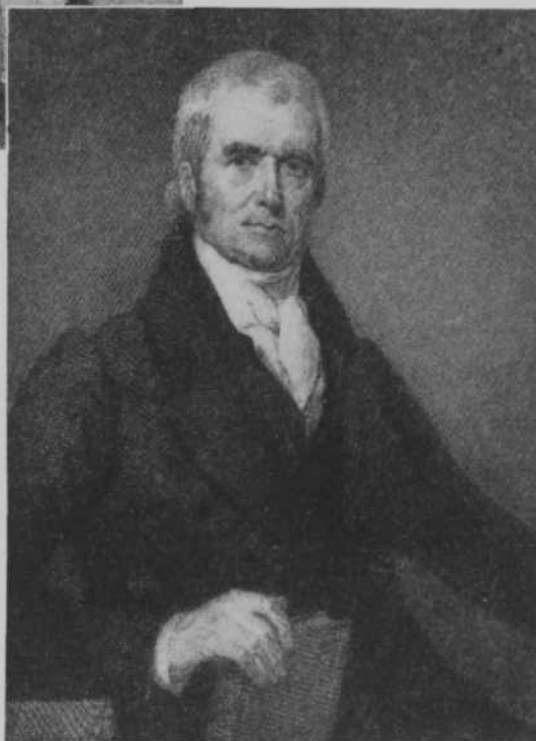
and desperate, he fell upon his executioner. The crowd made a ring and watched the fight. Then two stalwart fellows rushed forward and this victim too was disemboweled and quartered.

These infamies were committed in the "Elizabethan Age" of England, the age which produced Shakespeare. Those responsible for them considered themselves civilized and religious, as did those Americans who in Salem late in the seventeenth century permitted the hanging of supposed witches.

Executing condemned persons by hanging, drawing and quartering prevailed in England for nearly 600 years. As late as 1867 the Fenians, Burke and O'Brien, were sentenced "to be hanged, drawn and quartered." That this sentence was not carried out was a matter not of right but of royal grace. Parliament abolished this method of execution in 1870. By a mere act of parliament it *could* be restored. No act of Congress here could make such a method of execution legal in the United States for our Constitution forbids "cruel and unusual punishments."

The mere fact that people consider themselves civilized and enlightened is no surety of respect for human rights. Recent press dispatches announced that the Nazi Minister of Justice in Berlin had just issued a decree that after September 1 "persons would be punished for acts which were not crimes when they were committed and that a judge would have power to decide whether a defendant deserved to suffer for sins against 'the popular sense of what is right.'"

American newspapers of July 29 carried items stating that in Hanau, Prussia, Father Ludwig Roth was sentenced to eight months' imprisonment for declaring in his pulpit: "Human life is worthless in the new Germany."



Opinions of Chief Justice Marshall outlawed "constructive treason"

A citadel of rights

SUCH things could not happen here because our Constitution is a citadel of human rights. It was adopted in 1789. Before that time, rulers had for centuries enslaved thought, shackled enterprise and suppressed ambition. The masses were mostly peasants of the fields and in the name of government they had been robbed by so-called "nobles" armed with battle-axe and spear.

Of the oppressed peoples of the Old World, the most robust and self-reliant came to this new continent. All they asked was land and freedom. They found plenty of work, for their minds were

alert and their hands were willing. They were energetic, thrifty and self-denying. As they became prosperous and the Government attempted to despoil them, they achieved their independence. They then organized a government suitable to their sturdy, liberty-requiring character.

They made it clear to the Congress they created that its business was not to be the legislative manufacturing of economic or any other kind of strait-jackets; they made it clear to the Chief Executive that he was not the master but the first servant of the State. The Constitu-

tion like the Decalogue includes numerous and emphatic "Thou shalt nots" and places far beyond the reach of any governmental interference certain fundamental rights essential to human life, human liberty, and the pursuit of human happiness.

The most exalted position created was President, and, lest its occupant might sometime be tempted to exercise ungranted powers, it is provided that, before a President enter on the execution of his office, "he shall take an oath to preserve, protect and defend the Constitution of the United States." The framers of that document regarded an oath as something registered in heaven and assumed that no man so honored and so sworn would violate it.

To safeguard individual rights, the framers of the Constitution created the Supreme Court with authority to say, when the facts warranted, to the President and Congress: "Your acts are void because you are attempting to do what the Constitution declares you must not do."

That all nations have recurring periods of passion is a matter of history. In such periods individual freedom is trampled under foot in republics as well as in monarchies. Never have human rights been more insecure than they were in France after the monarchy had been destroyed, "the rule of the people" proclaimed, and the tri-color of "liberty, equality and fraternity" unfurled. In certain European countries where within two decades emperors have been dethroned and men from humble life have become the heads of state, the lives and liberties of countless individuals are with cruel injustice being daily forfeited.

History records that, during the many civil commotions in England, thousands of the best men and the purest patriots fell by the hand of the public executioner. In the "Bloody Assizes" held in Winchester in 1685, 320 men and women were sent to their deaths by the hangman or the headsman, and several hundred more were ordered to be sold into slavery in the West Indies. Lady

Alice Lisle, aged 71, was sentenced in the same Assizes to be burned to death because she gave shelter to a non-conformist minister and his companion who were fugitives from Monmouth's army. The charge against her was "harboring traitors." Later King James II graciously consented that the old lady be beheaded instead of burned to death. Human nature acts very much alike everywhere in periods of emotional excitement.

Protected only by the Constitution

IN OCTOBER, 1864, three citizens of Indiana were arrested by order of a general of the United States army. They were brought before a military commission, tried on charges based on their opposition to war measures of the Government, and were convicted and sentenced to be hanged. The charges against them were so vague that their eminent counsel, Jeremiah S. Black, said to the Justices of the United States Supreme Court:

The charge is found in this record but you will not be able to decipher its meaning. The judge advocate must have meant to charge them with some offense unknown to the laws, which he chose to make capital by legislation of his own.

May 19, 1865 was the day set for their execution. These men had not lived in the war zone and they never had been in the Military or Naval service of the United States. The only thing that saved them from death was the Constitution. They availed themselves of the right to a writ of *habeas corpus* and their cases reached the Supreme Court. They contended that they had been deprived of their right to trial by jury. Though the executive department of the Government, as represented by the Attorney General, demanded their execution on the military verdict, the Supreme Court declared their convictions illegal and set them free. In that case (*Ex parte Milligan*, 4 Wall. 2.) the court, speaking through Mr. Justice David Davis, said:

No graver question was ever considered by us. . . . The



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The framers of our Constitution took the utmost precautions against any attempted establishment of a bureaucracy. They knew the dangers of too much government

founders of our government were familiar with the history of the struggle for liberty and they made secure in a written Constitution every right which the people had wrested from power during a contest of ages. . . . Those great and good men foresaw that troublous times would arise, when rulers and people would become restive under restraint, and that the principles of constitutional liberty would be in peril, unless established by irrevocable law. . . . The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men, at all times, and under all circumstances. No doctrine, involving more pernicious consequences, was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism. . . . Wicked men, ambitious of power, with hatred of liberty and contempt of law, may fill the place once occupied by Washington and Lincoln. . . . Our fathers knew that unlimited power was especially hazardous to freemen.

Personal security is maintained

AMONG many other guarantees against invasions of personal rights is that provision of the Constitution forbidding "unreasonable searches and seizures." A potent cause of the War for Independence were "writs of assistance" or general search warrants issued in the Massachusetts colony on the authority of the British Parliament. These warrants enabled the revenue officers of Boston to enter private houses and search for alleged smuggled goods, without specifying either houses or goods. James Otis maintained that "even an act of Parliament which should sanction so gross an infringement of the immemorial rights of Englishmen should be treated as null and void."

John Fiske says the eloquence of Otis in the courtroom attacking writs of assistance is justly remembered as the opening scene of the American Revolution. John Adams said in 1818:

"Otis' argument against writs of assistance breathed into the nation the breath of life."

The Supreme Court has protected individual citizens whose rights of privacy had been unlawfully invaded by governmental agents armed with search warrants issued without probable cause. In *Boyd v. U. S.*, 116 U. S. 616, that court said:

It is not the breaking of a man's doors, and the rummaging of his drawers that constitutes the essence of the offence, but it is the invasion of his indefeasible right of personal security, personal liberty and private property

The Constitution protects the citizen in countless other ways. He cannot be arrested without a judicial warrant founded on probable cause. In other countries men are locked up indefinitely on mere official nods. In certain European countries hundreds of thousands of men and women are today in prison without knowing what they are accused of or who put them there. Neither friends nor counsel are permitted access to them.

Our Constitution guarantees to every defendant a speedy trial. The accusation against him must be presented in writing and his accuser must confront him. He must be tried in the district where the alleged crime was committed, and he cannot be compelled to testify against himself. He is entitled to an impartial jury, fairly selected, and he has the right of challenge. The trial must be public. The Government when properly requested must summon witnesses in the defendant's behalf. He is entitled to counsel, and judgment of guilt must be based either upon a voluntary plea of guilty or upon a jury's unanimous verdict. No punishment can be inflicted except that prescribed by law. The trial must be conducted in the spirit of fairness.

Another bulwark of individual freedom is that provision of the Constitution which reads: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the

people peaceably to assemble, and to petition the Government for a redress of grievances."

In European countries today millions of people are being persecuted and tortured and exiled because of their race or religion; and freedom of speech, press and assemblage is non-existent.

Here the citizen's property, as well as his life and liberty, is protected by the Constitution. Our organic law declares that "Private property shall not be taken for public use without just compensation." In *Loan Association v. Topeka*, 87 U. S. 655-665, the Supreme Court denounced arbitrary decrees "under legislative forms" and said:

To lay with one hand the power of the Government on the property of the citizen, and with the other to bestow it upon favored individuals . . . is none the less a robbery because it is done under the forms of law.

In *U. S. v. Lee*, 106 U. S. 196, the Supreme Court uttered these words:

No man in this country is so high that he is above the law. All the officers of the Government, from the highest to the lowest, are creatures of the law, and are bound to obey it. Shall it be said that the courts cannot give a remedy when the citizen has been deprived of his property by force, his estate seized and converted to the use of the Government without lawful authority, without process of law, and without compensation, because the President has ordered it and his officers are in possession?

Many other examples might be cited as to how the Constitution upholds the rights even of the humblest citizen. These guarantees are the soul-substance of free government. They are as essential to the life of this Republic as roots are to the life of a tree.

Some persons lightly refer to proposed amendments as "a change in the rules." While a few provisions of the Constitution are merely rules which might be changed without structural damage, most of its provisions are principles which can no more be amended without fatal results to our constitutional government than the Ten Commandments could be amended without undermining the world's social order. To change by amendment the date of the presidential inauguration from March 4 to January 20 is a change of rule that does not affect the government structure. To amend the Constitution so as to take away the judicial power of the Supreme Court or the legislative power of Congress is so to change our house of government as to make it uninhabitable by the spirit of liberty.

Power must be controlled

IT requires the most statesmanlike "engineering" to arrange a delicate balance between the executive, the legislature and the judiciary. That power should be distributed among these three branches, if individual liberty is to be secured, is declared by authorities, supported by reason, and affirmed by experience. Laski says in "Liberty in the Modern State":

The one assured result of historical investigation is the lesson that uncontrolled power is invariably poisonous to those who possess it. They are always tempted to impose their canon of good upon others, and they assume that the good of the community depends upon the continuance of their power. Liberty always demands a limitation of political authority.

The English author, Sir Henry Maine, said in his "Popular Government," published in 1886: "The Supreme Court of the United States is a unique creation of the founders of the Constitution." He refers to its duties as "annulling the usurpations" of the executive and legislative authorities. He adds: "The success of this experiment has blinded men to its novelty. There is no precedent for it either in the ancient or the modern world."

If the power of the Supreme Court to keep the Chief

(Continued on page 66)

Watching Washington

By FREDERICK SHELTON (Of the Kiplinger Staff)

WASHINGTON has taken on a new cast—different but no less significant to business, and in some respects more significant. Here are some points to fix in your mind in weighing Washington influences of the next few months:

First keep in mind that the presidential campaign of 1936 has started. This fact will affect nearly all administration acts from now on. How? In various and devious ways, sometimes covertly, often patently. You will see election influences cropping out in many administrative acts, and you will see these influences still more actively at work in the next session of Congress.

This is not a criticism aimed especially at the present Administration. It is not criticism at all but rather a statement of fact, a reminder of a situation which exists in all administrations in varying degrees. Always the session of Congress immediately preceding a presidential election is marked by an extra willingness of the party in power to enact laws to suit the wishes of effectively organized groups of voters.

Things to Expect

THIS is why you should expect the bonus to be cashed within the next year. This is why you should not expect a wave of sharp retrenchment in expenditures, a sudden shift toward budget balancing despite forthcoming gestures in that direction. And you should assume that determined efforts will be made to counteract a possible series of Supreme Court decisions which would thwart attempts at economic planning on a national scale. These efforts may take the form of amendments to the Constitution. At least new laws will be designed to stretch the Constitution to encompass New Deal concepts. And, of course, there will be surprises. By surprises I mean such things as the forced 12-cent cotton and 90-cent wheat loan suddenly catapulted into the forefront in the last minutes of the last session, which came within an inch of becoming law, and which was blocked only by precipitate adjournment. Think in terms of the greenback issue, silver money, continuance of relief funds, and a large permanent public works program.

Group Pressures

FULL credit should be given to President Roosevelt for routing the powerful group lobbies in 1933. He took issue squarely against them and won—a surprising feat. But it was a temporary result. Bit by bit the group lobbies have regained their power. And in the year ahead they will be as fully effective as they ever were. In 1933 in the full flush of victory the President could flout the lobbies. Now he cannot, or at least he apparently feels he cannot. So group pressures are again at work and will color Washington affairs increasingly hereafter. The Administration's political bread is buttered with farm and labor votes. If you look down deep beneath the surface in Washington you find that these organized group pressures are bigger than party platforms and often bigger than the Government's announced intentions.

Breathing Spell?

WHAT will the New Deal do to business from this point on? The Administration wants recovery, enough recovery to win reelection, enough to relieve the strain on the budget due to heavy relief costs. But I foresee no "making up to business." It seems highly improbable that administration policy will be completely dominated by the "business minded" contingent of official Washington—Jesse Jones, Joe Kennedy, Secretary Morgenthau, Secretary Roper, Peter Grimm, and Frank C. Walker.

I hear the common comment in business circles that "Roosevelt can't do much more damage, that the Supreme Court will block him, or the New Deal will flop and be discredited because of its own weaknesses." Business and the markets appear to be discounting Washington, assuming that further disturbing Roosevelt experiments will be mild and few and far between. I think this is an unwarranted attitude. I am not saying that Roosevelt influences are disturbing influences. But I do believe that those who have feared Roosevelt policies heretofore will have no reason hereafter to stop fearing them. Of course, Roosevelt wants business recovery but wants it firmly coupled with New Deal reforms. He will shoot straight ahead in this direction. And he believes that he will get recovery along these lines.

Recall that statistics show a substantial rise in business since 1932-33. The trend is up. This has happened under the Roosevelt Administration. You may say recovery to date has come despite the New Deal rather than because of it. But the Administration certainly is not willing to admit that it has been on the wrong track. It has its own ideas of business stimulants, is willing to apply its own stimulants but shows no disposition to change philosophies and fit its program into the orthodox pattern as urged by orthodox business leaders from the beginning. Conservatives in Congress—those who are avowedly against the Administration—feel that Roosevelt will be curbed only by his own excesses. Therefore they, being hopelessly outnumbered, give the Administration plenty of rope.

Recovery Recipe

TALK within the Administration, among those who are economics-minded, runs along these lines: The debt burden has been eased. Prices have been raised for farmers. Home and farm mortgage distress has been mitigated by the Government. Relief spendings have supplied purchasing power and have allayed social unrest. The job now is to maintain the pressure of low interest rates so that the huge excess bank reserves will be translated into productive expenditures. The better balance between farm and non-farm purchasing power (sharing of wealth between classes) must be preserved at all costs. Spend for relief as needed but work toward relief jobs rather than direct doles. Work toward a balanced budget (the balanced-budget contingent is not yet dominant but shows signs of gaining ground). This is the talk as to what constitutes the basis for business recovery within the New

Deal pattern. The next steps—investment of capital, new capital issues, stimulation of the durable goods industries—will follow naturally when timid entrepreneurs find that it is better to function under the New Deal and make a little money than to stand indefinitely on the sidelines and see their capital shrink through tax levies, through halving of interest on loaned money, and through lowering of the purchasing power of money. This is the argument of administration recovery diagnosticians.

Election as a Prod

THESE "next steps" have been slow in materializing. If they don't come before November, 1936, there may be a change of administration. Political big-wigs have done some scouting. They publicly utter the rosier forecasts of Roosevelt's reelection. But it is known that many local party politicians have whispered to these Washington scouts that the voters are turning sour, that the President must do something to regain mass confidence. So hard-headed administration strategists privately recognize the possibility of defeat. They don't really expect it but do entertain a few doubts. They are saying within the family circle that some sort of extra push is imperative to hasten recovery. Here is the way they figure: The index of business, industrial production, is now running about 87 compared with 100 in 1926, a decade ago. On the basis of present trends it will average about 95 or 96 in 1936. That is not enough; it must be well over 100 to win the election.

Home Building

THERE are indications that something will be done about the extra push this fall. This is back of incipient plans for a campaign of home construction. This is responsible for the bringing of Peter Grimm, New York real estate man, to Washington. Some of the best minds in the Administration are now at work on plans to make residential building a much bigger factor in the business picture before November, 1936. The belief exists that a residential building boom is on the way. Calculations indicate such a boom in 1937. The Administration now hopes to advance the date a whole year. This is not altogether politics, not entirely reelection strategy.

It long has been observed that real estate booms characteristically go to extraordinary heights and that subsequent real estate slumps go to correspondingly extreme depths. So Washington thinkers are concentrating on how to stabilize the real estate curve. Anticipating by one year the active effective demand for new homes is believed to be one important step in the direction of stability. You probably should take the New Deal's housing campaign seriously. You know that governments habitually bungle attempts at large enterprises calling for application of business principles. But despite this there seems to be a combination of government, business, and natural influences at work which should make the home construction movement a definite factor in business recovery, possibly within the next year, and probably the year after.

Cotton Economics

THIS is government economic planning in housing. Let us take a look at economic planning in cotton. Economics and politics don't mix well but it is impossible to keep them apart if the Government assumes the responsibility for economic planning.

The cotton and wheat blocs in Congress practically forced the President to scuttle a plan for nine-cent cotton loans which AAA experts had developed after much

painstaking calculation of economic trends. The substitute plan for ten-cent loans plus a possible two-cent bounty represents a sordid political compromise. It may make it harder for the government to work off on the market the five million bales of cotton now virtually owned by the Government. It will intensify the purpose of the Government to restrict acreage in cotton. But the spectacle of the Government knuckling to political pressure and throwing overboard the advice of expert administrators should not be forgotten. It suggests that this same pressure will be effective when the Government really does try to get out of its cotton holdings.

Taxing Potatoes

LOOK at politics in potatoes. AAA opposed the Warren potato control tax. But Congress passed it, and it became law as part of the new AAA Act. Hereafter every man who wants to raise a few potatoes and peddle them in the village has to get a quota allotted to him and is taxed heavily if he sells more than his quota. That is literally the law, but AAA probably will find some way to confine application of the law to commercial growers. In this case some administrators would breathe a sigh of relief if the Supreme Court threw out the potato law, lock, stock and barrel.

Now if potato control works, it will raise the price of the "poor man's food," and millions of housewives will make it a campaign issue. If it does not work, AAA will be discredited for making a bad mess of an act of Congress. Any way you look at it, it is going to prove a picturesque attempt at mixing politics and economic planning. You can't charge the potato tax to New Dealers. Some quite orthodox Republican congressmen gave it the push that made it law.

It should be said for the AAA, for Secretary Wallace and Administrator Chester Davis that they have thought more in terms of economics and less in terms of party politics than most other elements in the Administration. They have honestly tried to project agricultural trends and secure to farmers as a class certain benefits to which most people agree farmers are entitled. But politics is stronger than economics as a governmental force. And this basic weakness in national economic planning will plague the Administration long after the Supreme Court has forced the termination of several New Deal attempts at economic control.

Permanent Phase

THE Administration's concept of national economic planning will not be erased by the Supreme Court. The Court may invalidate the Social Security Act, the Guffey Coal Act, AAA processing taxes, railroad pensions, the Utilities Act, and the Labor Relations Act, but this would not force the Administration to abandon its purpose of governmental economic control. New ways will be found; the program will go on.

The quick emergency phase of the Roosevelt regime is over. The permanent phase has started. In this respect Washington activities have more significance than ever. And this is why I believe that opponents of the Roosevelt Administration are deluding themselves when they assume that the teeth of the Roosevelt program have been or are about to be pulled.

Republican Changes?

HOW much of all this would the Republicans change? They would do things differently, of course. They would substitute some Republican laws for Democratic laws. They would substitute Republican brains for Democratic brains. Possibly they might do a better job of adminis-

tering laws. But I doubt that they would throw over the agricultural program without setting up something very much like it. They would embrace a constitutional form of old age pensions and unemployment insurance because the demand for this arises from all classes and all sections. They would not undo the securities and stock markets acts, nor the Holding Company Act, nor would they restore the gold dollar of 1932. They would avoid revival of NRA but probably would not resist the pressure for labor legislation governing wages and hours and trade practices.

The point is that a new party, a new president, would not undo what has been done. Some permanent changes are being made. The effects of some of these changes may not be felt for years. But five, ten, 20 years from now you will be able to trace the beginnings of many fundamental changes to the years 1933 to 1935.

Bank Credit Control

CONGRESS recently enacted a new Banking Act. Among other things it wipes out the present Federal Reserve Board as of February 1, 1936, and provides for appointment of an entirely new board of seven members. Selection of these seven men is probably the most important thing the President will do between now and then. Why so? Because these seven men will either head off a disastrous bank credit inflation within the next few years or will let it run to the dangerous stage. And it will be difficult to find men with the capacity, the intelligence and courage to do the job, and who at the same time are willing to give up their present jobs and take a job in the Government at Washington. The new Banking Act and the new Board of Governors will not seem to make any difference for the present. But they will make a great difference a few years hence, and now is the time to think about what that future difference will mean.

Governor Eccles may insist on stepping out and letting some one else head the Reserve system, now that he has wangled through some basic changes in the law. If he does, Jesse Jones may leave the RFC and take on the Federal Reserve chairmanship.

Use of Credit

EXCESS reserves of member banks are at an all-time high. If these were expanded at the "normal" rate, bank credit in use would be greater than at the top of the stock market boom of 1929. The Administration wants to get credit into use, to get good borrowers to borrow. But this bank credit does not flow. It will flow some time. And when it does, it will take herculean courage, seldom found in government officials, to head off another bank credit inflation spree and the inevitable "morning after."

One element of stability, of course, is the new Stock Market Act and the Securities Act which somewhat automatically restrain pyramiding by speculators. If positive checks are called for from the Federal Reserve Board or the Securities Exchange Commission, it is unlikely that such checks would be imposed in time. It is not reasonable to expect that broad policies of economic planning and social control would prevail over political exigencies so as to put the brakes on a frothy stock market before the next election.

Holding Companies

TAXATION as a device to break up holding companies and to "curb excessive economic power in the hands of private individuals" will continue as part of the President's program. The public utility companies warned their brothers in business that this would be so. The small tax on inter-company dividends imposed by the "afterthought" tax

law of 1935 may be just a starter so far as this Administration is concerned.

The new scheme of graduated corporation income tax according to gross income also establishes a new principle which may be expanded in the future so that it will actually make operations of huge corporations unprofitable. Congress has a way of first establishing a principle and then later raising the new rate until it hurts.

Utilities Control

IN the case of public utility holding companies, the Administration actually applied its policy of breaking up large "economic empires." To put it more precisely, it got a law passed which forces dissolution or metamorphosis of such units at some time after January 1, 1938. Not all utility holding companies are sentenced to death, but only those which have their holdings scattered around over the country. Those which concentrate their businesses within a single geographic district are practically exempted. The final act is not the severe absolute death sentence originally put forward by the President. But it effectively establishes a new social order so far as the utility business is concerned.

Much is left to the discretion of the Securities Exchange Commission. Five men will decide to what extent the public interest requires the dismantling of corporate structures built with billions of dollars invested by millions of people. If you know government officials, you know that they shrink from exercise of such great discretionary power. They would much prefer to have Congress lay down specific rules to follow. And so it may be that Congress will be asked to legislate more specifically, thus reviving in the next session the biggest congressional lobby-versus-lobby battle in history.

The holding companies could be obliterated and still the electric power business would go on. This part of the power reform program will soon be charted and limits drawn. The phase which will go on for years is the regulatory phase. This has been exclusively the job of the states. Now the Federal Government is stepping in, with new authority over operating companies. You should watch the outcome of this because it is another major move in the campaign for federal control of business.

Investment Trusts

AS AN offshoot of the utilities bill the Administration got authority to investigate investment "trusts." The idea is that some time in the future a law will be sought to put under federal supervision those companies which sell shares to the public and invest the proceeds in various other corporations. The President has given his blessing to the idea of such companies which keep themselves "pure," which serve only their shareholders as skilled investment managers and refrain from using such massed funds of the public to control policies of subsidiaries.

Corporate Reforms

THE Frankfurter phalanx of New Deal reformers has fought in the field of corporate finance. They set out to enact a Securities Act, a Stock Market Act, and a public utility Holding Company Act, and they succeeded. They have finished what they call their "trilogy." They adhere to the principle of capitalism but have been lambasted by capitalists as agents of communism and the devil. For purposes of philosophical reflection and also for practical business purposes, it will be interesting to reappraise this "trilogy" a few years hence in the light of experience.

Perhaps the chief characteristics of capitalism are its flexibility and toughness.

Which Way Did Congress Head?

By WARREN BISHOP

Managing Editor, Nation's Business

THE breathing spell is now here—very decidedly so,” said President Roosevelt in response to Publisher Roy W. Howard’s request for:

“A breathing spell to industry and a recess from further experimentation until the country can recover its losses.”

A man does not usually want a breathing spell unless he has been pretty badly pummelled. What did business suffer at the hands of the Legislative that it must needs have a breathing spell? And is the breathing spell merely a brief preliminary to further legislation affecting business?

The first question can be answered by summing up the legislation which the first session of the 74th Congress passed. The second question was answered by the President in these reassuring words:

“This Administration came into power pledged to a very considerable legislative program. . . . This basic program has now reached substantial completion.”

What were the characteristics of the legislation which make it necessary that business should have a breathing spell?

First: Most of the major bills impose further restrictions on business freedom.

Second: The tax burden of business will be greatly increased not only by the new tax bill with its larger income taxes on corporations and by its increased excess profits tax, but by the social legislation for which in the long run it must pay.

Third: Eight new government boards and commissions are set up to add to growing federal bureaucracy.

Enforcing a code by tax

MOST drastic of the bills restrictive of business is the Guffey Coal Act. It is serious, not only for itself since it places the entire soft coal industry under federal control, but because it is regarded as a forerunner of similar legislation for oil, lumber and other

industries. It proposes a coal code, it puts a tax on coal at the mine to be largely rebated to those who accept the code. It provides for a national commission, a consumers’ counsel, a labor board; it undertakes, in short, to do for soft coal all those things which NIRA sought to do for all industry. The bill which Congress was urged to pass regardless of doubts as to its constitutionality will be attack-

WHAT did business suffer at the hands of Congress that it needs a “breathing spell?” And is the breathing spell only a preliminary to a new attack?

ed at once, the argument being that it violates most of the points on which the Supreme Court declared NRA against the Constitution.

Another bill hampering industry is the Wagner Labor Relations Act. It sets up a permanent National Labor Relations Board. It is designed to kill off company unions, and to enforce “collective bargaining.” It is a step along the road to federal control of wages and hours of work. It was generally regarded as a Federation of Labor bill, but there are Federation leaders who doubt if, in the long run, the cause of union labor isn’t surrendering more than it gets.

A third measure restricting business is “the banking act of 1935.” It makes permanent the Deposit Insurance law by which deposits up to \$5,000 are insured. Banks pay one-twelfth of one per cent of their average deposit liability. The large banks pay, the small banks profit. This section of the bill has been a factor in the decline of prices of bank stocks. The Act increases the salaries, lengthens the term of office and adds to the powers of the Federal Reserve Board. Banking is being shaped to a Roosevelt pattern.

Amendments to the law which created the Agricultural Adjustment Act further emphasize the Government’s drive to control business. The tobacco control and the cotton control acts are extended; rice and potatoes are brought under government control and price fixing is permitted for milk.

Most serious, perhaps, of all the legislation to strait-jacket business is the Holding Company Act. It is possible to say “it might have been worse” and it would have been if the bill had been passed as originally drawn, but the fact remains that the federal control of the power and light industry is tremendously increased and that, although the “death sentence” for holding companies is not immediate and inevitable, yet the Securities and Exchange Commission may order their execution when it fears their

greatness; and the membership of the Commission is in the hands of the Executive.

Chief of the new legislation which adds to the already grave burden of taxation on business is the Social Security Act. It appropriates funds to enable the states to provide doles for aged needy persons more than 65 years old; it sets up a long range contributory old age pension system financed partly by employers and partly by levies on the wages of workers. It is estimated that by 1950 about \$4,000,000,000 a year will have to be raised to carry out its purposes. Of that, about half is to be drawn from business and about half from the workers. Who’ll pay the two billions from business? The stockholders by the necessary holding down of dividends and the consumers by the inevitable raising in prices; management by reduction of salaries.

Who’ll pay the other two billions? Labor through wage reductions or the inability to raise wages.

The new tax Act hits hard at business. It increases estate taxes, but does not impose the inheritance taxes which the President requested; it in-

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The retail publicity director is a cross between a stage manager and a newspaper city editor

Showmanship and Shoppers

By RUTH McINERNEY

WE LIKE to buy while we're smiling.

Wise retailers provide settings of drama for their merchandise—a balance of fun, practicality, romance, education, human interest—elements of good showmanship.

Once, store personality was like the weather—everybody talked about it but it took builder-uppers like Kenneth Collins, Paul Hollister, G. R. Schaffer, Malcolm J. B. Tennent, Arthur V. Fraser, and L. S. Janes to do something about it. They're helping to take the *hop* out of shopping in Gimbel's, Macy's, Meier & Frank's, Marshall Field's, Sears, and make spending pleasant.

"Listen," orders a typical retail publicity expert, "get me two midgets before nine tomorrow for our children's Mickey Mouse sweater sale. . . . Borrow 200 canaries and parrots to hang around the store for the tropical festival. . . . Can't you locate any more corsets that the belles of 1880 wore? They'll set off our Remote Control Foundation Garment Campaign with a bang. . . . While Mary Pickford's in town have her visit our Silver Screen dress shop and autograph the guest book. Notify the papers and the newsreel people. Get a photogra-

A recent survey showed that stores need ten times as much advertising as theaters to get one-half as many customers. Clever merchandisers aren't disturbed. It is inconvenient to sell goods in a theater—but you can put on a show in a store

pher. . . . Find me the best natured fat men in town to start off our Comfortable Clothing drive. . . . Tell the boys to be nice to the new juvenile recreation specialists; they cost us \$10 a day."

Anything for local color

HE'S got to have it. He usually gets it—from synthetic snow for the August fur sale to palm trees for the mid-winter "Going South" feature. In the publicity director's part of the building you're likely to find Navajo Indians imported for blanket department local color, bridge club authorities, a society woman with her \$200,000 miniature doll house, candlewick bedspread tufters from the mountains, last season's football stars slated to be hosts in the boys' department.

Meanwhile, the store's scenic di-

rector is also having some troubles.

"But Mr. Van de Peyster, we'll take good care of your Trojan horse. I know, it's made of eight different precious metals—gold, silver, platinum, etc. Why, we'll insure it, send a police escort for it, surround the building with detectives, call out the militia. It's just what we want for our Grecian fashion trend window."

An important retail executive was asked about his organizational technique. He spoke impressively of far-flung buying facilities, unexcelled personnel, store ideals, and then, emotion crowding his voice:

"We are a Mickey Mouse store."

Good little Mickey last year brought sales stimulus to \$50,000,000 worth of children's sweaters, toys, belts, almost everything except cheese and mouse traps. A billion Mickey movie fans buy Mickey merchandise chiefly because of the in-

creased meaning the goods has for them. "Buck Rogers," patented and copyrighted by John Dille, appeals to the next age group. Fifty items, from velocipedes to chocolates double their sales value as a result. Teachers and parents acclaim the scientific flavor. Four million rocket pistols sell in 12 months. And a school superintendent contributes some of the most fantastic of the radio program ideas. Merchandise given more meaning! That's build-up.

It was build-up, too, when the ad man of an eastern department store chartered Little Buttercup, a visiting baby elephant, to help open the store's new beauty parlor, by being given a manicure with the public as delighted audience. Buttercup really did open up the beauty salon, wide open. She had been sweet enough during rehearsals. But a boy in the crowd with a bag of peanuts released the call of the wild. She kicked over her little red stool, crashed cases, intimidated the crowd, took a defiant position on a lingerie table with a brassiere on one ear and a crepe de chine dance set hanging from the other. The trainer seemed helpless.

approached Buttercup, muttered funny words, grasped Buttercup's ear. It worked. Buttercup all but curled up and went to sleep in the dignified president's lap. The president had run away with a circus in his youth. The story was out.

Bringing free publicity

SO Buttercup not only opened the beauty salon, but the way to thousands of lines of free publicity. Was the advertising man sorry? Like a sweepstakes winner.

A different publicity specialist is required for a job like the Amateur Radio Show being conducted by a mid-western store; a champion swimmer such as Norman Ross possesses the right amount of nerve control, physical endurance, diplomacy to handle thousands of prospective Bing Crosbys, Helen Morgans, Shirley Temples. Each performer is a potential customer. And for some reason or other, giving the great unheard a chance to sing the "Isle of Capri" helps dispose of a hundred radio sets or rugs or something else in the store, run as radio specials.

best place to count sheep is upon their de luxe mattress. A dealer digs up some group photographs of 1910, runs them in his ads with "Are you here?" and draws on a whole reservoir of reminiscences.

A furniture retailer noticed the curious throng who gathered each time the janitor removed a piece from the show window. Attracted by motion. So a popular local girl was invited to live in the show window apartment for 12 hours, keep house, use the electrical appliances, cook, sew, play the piano, set the table with smart new dining accessories, serve tea to guests. Letters poured in.

"Orders?" eagerly inquired the manager. "Proposals," she admitted. But the orders came later.

A Minneapolis furniture store will, for \$625, furnish an apartment with everything from chairs to china, fill the vases with flowers, make arrangements with gas and electric companies, wind the clock and put out the cat, if so desired.

A Chicago store has a Bridegroom Service. The manager gets calls like this:

"See me through, will you, old top? I'm being married in June. Thanks."

And the wedding wizard is prepared to reply:

"Certainly, sir. We'll select proper attire for you and your attendants; help you get the hang of the wedding march; teach you how to respond to congratulations without blushing. We'll reserve accommodations for you at Niagara Falls, and honeymoons come at all prices."

New attractions for customers

TODAY'S customers not only want to be amused and educated mildly, but they like service. A fancy goods department serves tea. We get a free pre-theater facial in a Los Angeles store. Hardware dealers install soda fountains. Paint shops carry tobacco, smart overalls, quick shave departments, and a line of fragrant hand lotions to help the modern painter keep the hand a paint brush loves to touch.

Conscientious service, too, like that of a certain Detroit infants' laundry. Garments are kept in green lacquered containers. They get ten washings—antiseptic purging, germicidal bath, detergent rinse, high temperature chemical sterilization, boric acid rinse, pathological tests. Operators wear gloves. Garments are not touched by human hands.

Words as well as action glorify the humdrum. The advertising department looks like a bit of a newspaper city room, back stage at the

(Continued on page 64)



The dignified store president peeled off his coat and whispered in Buttercup's ear. He had once run away with a circus

The publicity genius was helpless, too, but instinct told him to keep the cameras grinding. They ground—yards of the best slapstick celluloid since Chester Conklin custard pie days. And then the dignified, goateed president of the store—he had a reputation for smiling only on Sundays and holidays—detached himself from the grandstand, peeled off his coat,

Other retailers are dramatically alert, too. Get a free shave with an electric shaver in an appliance shop. Thousands review a fat lady's corset show of girls who must keep to 250 pounds or lose their jobs. If you can't sleep, drop in to a certain Lansing furniture store and consult the sleep authority. He's a student of sandman tactics and will convince you that the

You're Telling Us?

Compiled by EDWARD ANGLY

1

Former Senator Smith Wildman Brookhart, of Iowa, Russian trade adviser to the Farm Administration, predicted today that a potential annual trade of \$520,000,000 would grow out of Russian recognition. He predicted American export to Russia of:

50 to 60 million in raw cotton—Up to 30 million in live stock products—More than 30 million in cotton textiles—Up to 300 million in heavy machinery—About 100 million in railroad equipment.

News item, November 17, 1933.

And here's what happened to that prediction: Soviet Russia's imports from the United States, during the calendar year 1934, included:

Raw cotton	\$1,831,768.
Livestock products	25,842.
Cotton and other textiles	8,640.
Heavy machinery	4,097,150.
Railroad equipment	None

Statistics from U. S. Department of Commerce.

2

Despite the disastrous drought, supplies of all commodities for which control programs were carried out are still ample.

Chester A. Davis, addressing convention of American Farm Bureau Federation, Nashville, Dec. 11, 1934.

The whole situation calls for a continuation of the wheat (reduction) program.

Chester A. Davis, newspaper article, May 31, 1935.

We began the purchase and transfer to the Southeast, where feed is available, of thousands of heads of drought stricken cattle, at the same time we paid for and slaughtered the worst cattle, and so were able to save and store a meat supply for the future. Since there are seven million head of cattle in the country in excess of the number needed to maintain an adequate meat and milk supply, even this disaster is not unmanageable. And our carry over of wheat and corn is sufficient to ward off excessive prices for essential foods.

Rexford G. Tugwell, speech broadcast from Washington, July 31, 1934.

Import trade during the three month period ending with March 1935 showed an increase of \$89,000,000, or 22 per cent, in comparison with the same period of 1934. Approximately three tenths of this expansion resulted from an increase in farm products, namely, meats, butter, vegetable oils, grains and other feedstuffs.

From Survey of Current Business, U. S. Department of Agriculture, May, 1935.

3

The whole bill (\$4,880,000,000 Works Relief bill) anticipates that this will be the last needed stimulation of

MR. ANGLY, famed for his little book, "Oh, Yeah?" takes a look at the forecasts and fulfilments in the economic field of those who "rolled up their sleeves" and set out to improve the haphazard planning of business itself. Mr. Angly writes:

"I ran across this morning, in one of Professor Tugwell's books, the theory that most of the nation's troubles come from the inability of business to plan ahead for itself. He advocates that capital should be allocated to different industries upon the planning of some national board, based on the knowledge of how much money 'for a measured period ought to be put to one use rather than to another.' He says this is a 'first great problem' because 'industries grow overconfident of the future and expand their own activities beyond all reason.'

"This aroused my curiosity as to the record of political agencies planning in the economic field. It would be a fine solution, I thought, if some agency in Washington could, by research, chart the number of automobiles, the models and makes, that the people of this country and other countries would desire for the coming year, or, for example, what colors and styles in clothing would be demanded. So, I spent the afternoon in the New York Public Library and found very readily predictions of men in public life and the later record of how their predictions came out. Here are a few of them, representative examples of promise and performance, or forecast and fulfilment, in the economic field."

—The Editor

business, will break the back of the depression, and that, with a rise in the tide of employment, the people drawing the security wage on government projects will find employment in commercial lines. That is the essence of the bill.

Rear Admiral Christian J. Peoples, Director of Procurement Division, U. S. Government, testimony before Congressional Hearing, Spring, 1935.

President Roosevelt has already started his advisers to work on a program for a three-billion-dollar

Works Relief appropriation to cover the fiscal year of 1937.

News item from the White House, Summer, 1935.

4

The camp and town (of Norris, Tennessee) were originally planned to cost about \$2,000,000 and to include dormitories for 700 men, cottages for 250 families, buildings for the operation of a training program for workmen, community buildings, and other necessary incidental facilities.

Prices of materials and prevailing rates of wages advanced sharply while the town was under construction, and the construction schedule of the dam was advanced, requiring more housing both in dormitories and dwellings. It appeared at the end of the fiscal year that the total cost of the camp and town, including all overhead, would be about \$3,500,000.

Excerpt from Audit Report of TVA by the Comptroller General, Congressional Record of May 8, 1935, p. 7407.

5

Under a new foreign trade policy the United States today is forging ahead to regain its leadership in the markets of the world.

Daniel C. Roper, Secretary of Commerce, May 26, 1935.

United States exports for the first six months of 1935 totalled \$1,023,982,000, a decline of about \$13,000,000 as compared with the first six months of last year. Imports totalled \$1,094,559,000, compared with \$863,843,000 for the first half of 1934.

Department of Commerce statement released July 30, 1935.

6

It is not the policy of the NRA to build up a big organization here in Washington to administer the Act.

General Hugh S. Johnson, June 20, 1933.

About 5,400 employees are affected in Washington by the decision of the NRA to disband.

News item, May 28, 1935.

7

"Recognition of Russia will result in a substantial stimulus to industry. I am reliably informed that large orders are ready to be placed for machinery, locomotives, building material and textiles."

Miss Frances Perkins, Secretary of Labor, November 18, 1933, in St. Louis.

Our exports to the Soviet Union were valued at \$14,867,000 in 1934.

Our exports to the Soviet Union during the years 1926-1930 averaged \$75,600,000.

Department of State, Press Release, July 13, 1935.

8

Modify the Volstead Act to allow 2.75 beer and the Government will net \$400,000,000 in taxes; thousands of men will be given employment; lawlessness will be curbed.

Representative Fred Britten, August 29, 1932.

Receipts of the Internal Revenue Bureau for fiscal year 1934-1935.

Fermented malt liquors \$211,215,057

Figures from annual report of U. S. Treasury.

9

[AUTHOR'S NOTE: Employment is the basic consideration in all economic planning, private or otherwise. The employment predictions of various government agencies, and the fulfilment, are no nearer the mark than their own statements of accomplishment. For example, if the claims of five agencies were added up, there would be a labor shortage.]

The three million jobs created by NRA were more jobs than have ever been made by all the billions of dollars the government has spent to make employment, plus all it intends to spend. The effect of the [Supreme Court] opinion is to blow away, at one puff, far more re-employment than the administration has projected or even imagined in its public works program.

Brig. Gen. Hugh S. Johnson, Radio Address, May 29, 1935.

3,000,000

The average PWA employment in 1934 was two million persons per month.

Harold W. Ickes, PWA Administrator.

2,000,000

The number of unemployed on emergency works, 1,680,000; conservation work, 400,000; state roads, 145,000; and RFC projects, 12,000.

Radio Broadcast by Miss Frances Perkins, Secretary of Labor, March 4, 1935.

2,237,000

Since March, 1933, 2,550,000 men and women have been returned to employment in 108 industries.

Radio Broadcast by Miss Frances Perkins, Secretary of Labor, March 4, 1935.

2,550,000

Under the New Deal's 4-billion-dollar job program, 403,000 persons are already working.

Harry L. Hopkins, Works Progress Administrator, July 18, 1935.

403,000

Civil officers and employees in the Executive Branch of the Federal Government increased by 148,625 between March 1, 1933 and May 31, 1935.

From Statistics released by American Liberty League, July 21, 1935.

148,625

TOTAL 10,338,625

Unemployment figures as compiled by the National Industrial Conference Board:

	Unemployed
September, 1933	9,920,000
January, 1934	10,538,000
September, 1934	10,218,000
January, 1935	10,142,000
May, 1935	9,711,000

—August 10, 1935

10

The Agricultural Adjustment Administration Act, now under consideration, would call for an administrative staff no larger than 50 persons.

Statement by Rexford G. Tugwell, Undersecretary of Agriculture, before the Senate Agriculture Committee, March 17, 1933.

On May 31, 1935, the AAA had 5,504 employees in the District of Columbia and 2,370 in the 48 states, a total of 7,874.

From the official figures of the AAA.

Painters' Frolic

As told to PAUL McCREA

Of the Staff of Nation's Business

I REMEMBER like it was yesterday. It was while we were painting the Logan house out in Chevy Chase. It was hot and we were sitting out under a tree eating lunch.

Henry had his back against the tree trunk with his legs stretched out in front of him and his lunch bucket on his knees.

"Know what the Boss is getting for this job?" Henry asked.

"Huh-uh," I said, taking a bite of pie.

"Four hundred and twenty-five smacks."

I went on eating pie. Henry snapped his lunch bucket shut and fished out a cigarette.

"That's the way to make money," Henry said.

"How's that?" I said.

"Figure it out," Henry said. "You and I will get about a hundred dollars apiece on this job. Paint will come to a hundred and a quarter maybe. That leaves a hundred for the Boss. And what does he do?"

"You're telling me," I said.

"He comes around once a day to see that we're working eight hours a day. That's what he does," Henry said.

"Easy for him," I said.

"Damn right," Henry said.

I finished my pie and got out my pipe. We smoked awhile.

"I've been thinking," Henry said.

I didn't say anything. Henry finished his cigarette and stamped the butt into the ground with his heel.

"You know," he said, "you and I have worked on a lot of jobs together and we get along all right. Why shouldn't we go into business for ourselves? I could use half that hundred the Boss gets."

"I could, too," I said.

Well, we talked back and forth until it was time to go to work again and the next day we talked some more.

We went on painting the Logan house and when we knocked off Saturday and went back to the shop to get our pay, we had finished the upstairs. I drew \$48 that week, I re-



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member, and when the Boss handed it to me I couldn't help but think how much more there would have been if he hadn't kept so much of it himself. I guess that's what really made up my mind. I figured I could paint just as well for myself as I could for somebody else and then I could keep it all. I thought about it all that week-end.

Monday we started on the living room of the Logan house. Henry was on the scaffold and I was working from the floor.

Selling the paint jobs

"If we were to go into business for ourselves," I said, "where would we get some jobs?"

"That's an easy one," Henry said. "They're having a 'Paint Up' campaign out where I live. We could get some of that. Then there's all these places where we've worked before. We could go see those people. There'd be plenty of jobs."

"Well," I said, "if you can line up a couple of jobs, I'm game to try it."

So we shook hands on it.

Afterwards I was scared. I was

never much of a hand to take chances, but after all I wasn't getting any younger and I figured if the bosses got all the jack for looking at a job once a day, the thing to do was to be a boss.

I had pretty cold feet the next day when Henry showed up all excited.

"I got us a job," he said, "easy as stealing."

"Where?" I said.

"Fellow I know named Barlow. Walls and ceilings of a house about like this one."

"How much?" I said.

"Three hundred and ninety," Henry said. "He'd had a lot of fellows out to look it over and the lowest other bid was \$400."

I was worried. Three-ninety didn't seem so big to me.

"It's a starter," Henry said. "After all, figure it out. Material, roughly \$125. That leaves \$265 to split between us. The job will take two weeks, maybe less. That's better than \$48 a week, isn't it?"

It was, of course, and I began to feel better. So, when we finished the Logan house we told the Boss we were quitting. And that's how I got to be a painting contractor.

Henry was cheerful enough.

"Well, we're our own bosses now," he said. "We're independent."

So we celebrated our independence by spending that afternoon buying an outfit.

I don't know how much you know about the painting trade but the only thing a journeyman painter provides on the job is his overalls. Everything else belongs to the boss. So, when we got to be our own bosses, we had to have equipment.

We had made out a list of the stuff we'd need. It went about like this: One-half dozen sets of brushes; 24 pots; four six-foot stepladders; two slide ladders; six sections of ladder;

12 drop cloths. We figured we would wait and get the paint after we'd shown a sample book to Mrs. Barlow and found out what colors she wanted.

We had to trim that list plenty to cut down the expense. Drop cloths, for instance, cost three dollars each. Ladders were three and four dollars. Pots cost only 35 cents, but when you buy two dozen of them that adds up.

Henry and I didn't have an awful lot of money and we didn't want to spend everything we had right at the start.

"We'll get it right back after a couple of jobs," Henry said.

"We gotta eat in the meantime," I said.

Many brushes needed

SO we cut out the slide ladders which we wouldn't need on an inside job, and some of the drop cloths and a couple of the stepladders and four of the sections of ladder. We couldn't cut out any of the brushes or the pots.

You have to have pots to mix paint and you have to have a lot of brushes. There are four brushes of different sizes and shapes to a set and you need a different set for every color or else you lose a lot of time because it takes about an hour to clean brushes and even then enough of the old color might be left to throw you off on the new.

Even after we cut the list, buying this stuff left us pretty broke and by the time we had bought lead and oil and turpentine and drier and tints, I was as flat as I hope I ever get. So was Henry.

"It's only for a week, though," Henry said. "We can live on soup that long."

That was the first thing we overlooked. We were used to getting paid on Saturday, no matter how long the job took. We had both forgotten that paint jobs are paid for when they're finished. At the end of the first week on the Barlow house there wasn't any pay day. So we ate soup for two weeks.

As far as the job itself was concerned, it was slick. Mrs. Barlow picked reasonable colors and, when the job was done, Barlow sat down and wrote us a check for \$390. Were we glad to get it!

We bought a half acre of steak and my wife fried it with onions. We ate without saying a word. Neither of us slowed down until we got to our second cups of coffee. Then we leaned back and relaxed.

"Well," I said, "what do we do now?"

Henry lighted a cigarette.

"The first thing to do," he said, "is to move our stuff."

Our whole outfit was sitting out in the Barlows' backyard at the time.

"How are we going to do that?"

The store had delivered our equipment to Barlows' and we had carried out the paint in the rumble seat of



AFTER a lawyer refused to let them do a job for him unless they had compensation insurance, they took 3.5 per cent from the "profit" of every job to pay the premium of this insurance.

my car. But you can't handle drop cloths and ladders in a rumble seat.

We figured and figured and finally decided that the only thing to do was to get some sort of a truck.

So part of Barlow's check went to buy a second-hand truck.

"This is what they call capital investment," Henry said. "This makes you a capitalist."

"It's more likely to make me a mechanic," I said, "if we're going to keep it running."

Hunting storage space

IT was a good enough truck, at that, except that you couldn't carry a ladder without it getting against the radiator. And nine times out of ten when you took it off, you'd burn your hand.

We drove the truck out to Barlows' and loaded in our stuff. Then I looked at Henry.

"Where are we going to take it?" I said.

The only place there was to take it was to my place. Henry lived in a rooming house.

After we got there we still had a problem. Ladders would be safe

enough, probably, in the backyard, and some of the stuff could go in the cellar. But you don't want turpentine and drop cloths down there for fear of fire. The law won't let you keep turpentine in the house and I've seen old drop cloths catch fire just from the sun.

We finally put it all in the garage and I left my car out in the yard.

My wife didn't like that. She didn't like it, either, when we decided to run an ad in the papers telling people to telephone my house for estimates on paint jobs of all sorts.

"If you think I'm going to stay home all the time just waiting for phone calls, you've got another guess coming," she said. "And if somebody does call up, what do I tell him? I don't know anything about paint."

But she agreed to try it for awhile, especially since I was going to be home for a day or so painting the truck while Henry went out to find another job for us. He found one, too, painting the window frames and wood trim on a brick house. He gave a price of \$35, which was plenty low. We had to buy slide ladders, too, but the job was a life-saver because one man could do it while the other went scouting for more work.

"I'll do the painting," I said.

"I'm no good at ringing doorbells."

And I wasn't either, it turned out when I finally had to try it. I was always self-conscious. Finally I gave it up. Henry couldn't understand me.

"I'd ask Garbo if I could paint her toenails," he said, "if I thought she'd give me the job. The worst they can do is to say no."

But I couldn't see it that way and it was worse because we usually had to do it at night. We'd paint all day and then have some supper. After that we'd clean up and go looking for more jobs. Mostly people weren't very glad to see us. Nobody wants to talk business at night after he has worked all day. But we had to if we were going to eat.

My wife didn't like it, either. What with staying home all day to answer the telephone and having me away all evening, it seemed she never got out of the house.

And the worst part of it was we didn't seem to be getting rich.

In the first place, there were some weeks we didn't take in any money. And by the time we bought paint and paid upkeep on the car and newspaper advertising, the money we did take in didn't seem to go very far.

Jobs took longer, too, because we didn't have an apprentice. You have to pay an apprentice \$16 a week and for the first year he's not much help except as a messenger. But he can run errands, and help move ladders and maybe take up spots that missed the drop cloth. We had to do all those things for ourselves.

On top of that, we had a lot of trouble with bookkeeping. Neither of us knew anything about that. In the beginning, we just divided what we took in, fifty-fifty. If we took in \$100 we'd each take \$50. That worked all right for a while. If Henry had to buy some putty knives, for instance, he'd bring them out and say, "I paid 60 cents for those." And I'd give him 30 cents.

Or I'd say, "I had to buy another can of tint for that McLean job," and Henry would hand me so much.

It was right after we got the Jordan job that we changed that. We hadn't had a job for a week. I had tramped 20 blocks ringing doorbells and was plenty discouraged. I was sitting there in my stocking feet when Henry bounced in.

"Got a job," he said.

My feet didn't seem to hurt so bad.

A problem in financing

THIS Jordan was a queer cuss. When most people are going to have a house painted, they call up all the painters in the phone book and find out who'll do the job cheapest. Jordan didn't. He just sat and waited for somebody to come along and offer to paint the place. Henry happened to be the first fellow along and Jordan gave him the job. The house was a frame bungalow and Henry said we'd do it for \$150. Jordan told him to go ahead.

"He wants white with a green trim," Henry said, when we had gone out to the dining room table with a pencil and paper. "We'll need so many pounds of lead and so much this and that."

I figured a minute.

"That will come to this much money," I said.

"Good," said Henry. "Have you got it?"

I didn't have it.

"I haven't either," Henry said.

We just sat there.

You can buy paint on credit, of course, but the property owner has to secure payment.

"We'll ask Jordan to do that," I said finally. "You ask him."

Henry sat there quite a while. At last he shook his head.

"I guess I couldn't do that," he said.

"I couldn't, either."

We finally got the money from a small loan company.

After that, we divided what we took in three ways. One-third for each of us and one-third for the "company." It was the only way to do, I guess, but I didn't like it.

"Hell," I said, "you might as well divide it with a boss if you have to sock it away like that."

"The 'company's' just keeping it for us," Henry said.

It was a nuisance, too. We both had to keep expense accounts. We'd sit at the dining-room table at night.

"I spent one-fifty-eight for gas for the truck," Henry would say, and write it down. "How much putty did you get?"

"I forget," I would say, "fifteen cents worth or so, but, what's 15 cents? Let it go."

"You can't let it go," Henry would say. "And what was your carfare out to see that banker on H Street?"

"I took a cab. It came to 40 cents and I tipped the driver a dime—and, oh, yes,—"

One night we were sitting there and my wife yelled from the living room.

"Why don't you get a bookkeeper?" she said.

"That's an idea," Henry said. "Why don't we do that?"

I thought he was joking but he wasn't.

"It oughtn't to cost much," he said, "and a good one ought to save us money. He could keep track of things like the time we bought all that tint for the Trammell's house when we



"WE both kept expense accounts, sitting at the dining room table."

"Why don't you get a bookkeeper," my wife said.

And thus the painters learned about office expense and overhead as factors that come out of the boss' "profits."

had a half dozen cans of the right color sitting out in the garage."

"And he could answer the telephone," my wife said.

"And send out bills."

Adding office overhead

YEAH, we had some bills to send out by then. We hadn't counted on them. Nobody ever figures them in when he talks about the money the boss is making. Bad accounts in the painting trade will average about five per cent.

"But where would we put him?" I said. "We'd have to have an office."

The upshot of it was that we got an office. It was only a shack and the rent was low because we agreed to paint it inside and out and fix it up a little. But we had to have a telephone, and light, and heat, and a typewriter, and some furniture. We even got ambitious and had some forms printed and some letterheads. And we got a high school graduate to stay in the office. He said he could keep books and he was a whiz at figuring out baseball percentages. But he didn't know anything about painting.

"We'll teach him that," Henry said.

Spending all this money worried me.

"Look, Henry," I'd say, "we're getting in awful deep."

"What the hell," Henry would say. "It seems that way now, but a couple of jobs will bring this money right back."

"But suppose we don't get the jobs!"

"That's a chance we take. But we'll get 'em. We've been getting them, haven't we?"

"About one out of 25."

"I think that's pretty good."

"Even when we get 'em, we don't seem to make any money. I had more jack when I was working for the old Boss—and I had time to go to a movie sometimes."

"What good did that do you?"

"It was fun."

"I think this is fun," Henry would say.

Then we went out to paint Newell's house. Newell was a lawyer. It was our first job after moving into the new office and Henry was feeling pretty good.

Newell came out to watch us unload. He was smoking a big, black cigar (Continued on page 44)

New Ideas in Selling

Some notes and comments on a few
of the current developments
in the sales field

New conflict of containers: Perhaps nowhere in the business field is inter-industry competition keener than in the container industries. In December, 1934, this column reported the highlights of a conflict then (and still) being waged between the steel-barrel industry and tin-can makers for larger shares of the motor-oil business, a conflict that the glass-bottle makers also figured in and which, as was remarked then, the paper people, given the right kind of a paper container, would gladly join. This last has since taken place, a Connecticut company having put a molded pulp dispensing container for motor oil on the market several months ago.

Another "conflict of containers" is claiming the spotlight now, however, with the can makers and glass bottle makers as the principal contestants, the former seeking to claim a portion of the vast beer business so long held by the bottle makers. Development of a tin container for beer, noted in this column in February, 1934, has proceeded rapidly since, with the result that "canned" beer promises soon to become an extremely active competitor with bottled beer for a place in the family refrigerator.

American Can Company, National Can Company and Continental Can Company are reported actively engaged in supplying tin beer containers to brewers. Krueger Brewing Company, Newark, N. J., was among the first to put the canned product on the market. How important this development may prove to the can makers—and collaterally to the bottle makers—is still something of a question. In the words of one can manufacturer, the marketing of canned beer has not yet proceeded far enough to supply a thorough commercial test. He points to a saving in weight and, therefore, freight, a saving in warehouse, freight car, truck and retail shelf space, and the fact that the cans are non-returnable, thus saving store-keepers and brewers themselves a great deal of time and trouble, as outstanding advantages of the tin container.

"The controlling question, however," he frankly adds, "is that of consumer acceptance. Beer in bottles is so time-old that it may be said to be a habit or a matter of course with the average consumer of beer. Whether he will see in the cans advantages that make him prefer it is yet to be determined. If the can is favorably received by the consuming public, I think there is a large field for its use."

Naturally, the bottle makers have not been idle in the face of whatever threat the tin can may offer to their business. Owens-Illinois Glass Company, a large supplier of beer bottles, for instance, is developing an answer in the form of a "one-trip" beer bottle. This bottle, it is said, processes successfully on existing bottle equipment, thus requiring no additional capital outlay. The new bottle is

shorter than the traditional beer bottle, lighter in weight, and requires cartons of lesser cubical content. These factors, of course, produce advantages which in a measure parallel those claimed by the can makers, namely, reduced initial cost and reduced freight, handling and storage charges.

Tires for rent: Several mid-western service stations are offering automobile tires for rent under a plan devised and copyrighted by an ingenious Hoosier. Tires are rented for a 25-week period and, if all payments are made promptly, the customer may buy the tire at an agreed price at the end of that time, rental fees being credited upon the purchase price. The customer pays five weeks' rent in advance when the deal's made (these accounting for the final five weeks' payments), and makes 20 weekly payments thereafter.

These payments run as low as 20 cents and since they involve periodic visits to the station the dealer is given opportunity to increase his gas, oil and accessory sales. Under the rental contract the motorist agrees that if he defaults in the payments the dealer may take possession of the tire without notice or legal processes "wherever it may be found."

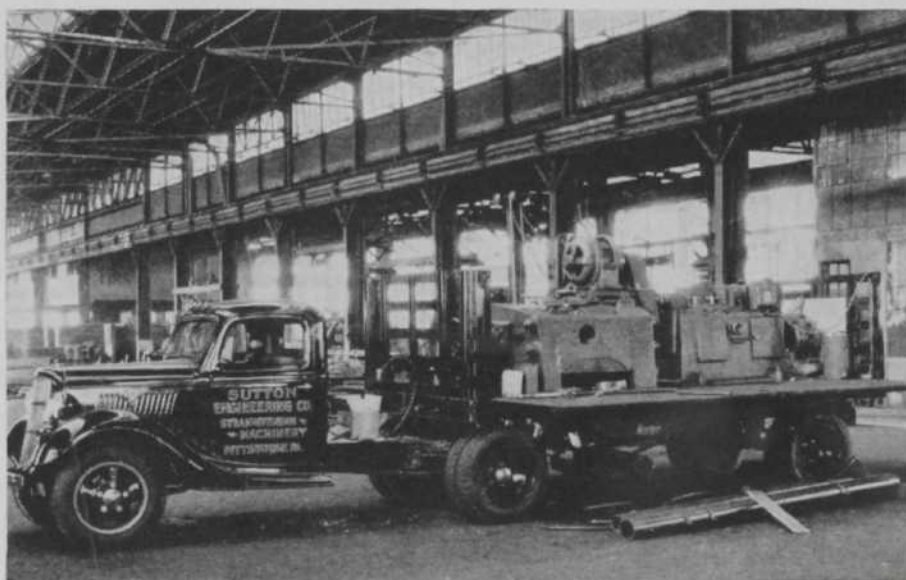
Free-lance: A "new idea in selling" that also supplies a good story is reported by *Retailing, Home Furnishings Edition*. It seems that a buyer for a New York department store recently noticed a stranger on the refrigerator display floor who was giving a fluent high-pressure sales

talk on a certain model. With the buyer hovering close but hesitating to interrupt since he didn't understand just what was going on, the stranger hurried on with his sales talk, apparently closed the sale and then walked out arm-in-arm with the customer.

Inquiries among the salesmen revealed that the same thing had occurred before. The buyer figures it's a new menace for department stores to guard against—a "free-lance" salesman who uses the store's floor space rent-free to demonstrate and sell refrigerators on his own account, perhaps even snatching leads from beneath the noses of the store's own salesmen. The buyer's awaiting the stranger's next visit to find out.

Odd lots: Patterned somewhat after the telegraphic flower delivery service, a new telegraphic gift-food-basket service, operating through class grocery stores, enables one to have gift baskets delivered to distant friends within 24 hours. . . . An interior decorating service is now offered catalog customers by a Chicago mail order house. Service includes advice on subjects ranging from selection of proper wallpaper to arrangement of furniture. . . . Jumbo safety matches, 11 to a 4 1/4 x 3 3/4 inch packet, serve as a new advertising novelty for an imported vermouth. . . . An automatic device which attaches to any radio receiving set and records the twists of the tuning dial has been developed; advertisers and broadcasters may find it useful in gauging station popularity. . . . Multiplex Display Fixture Company works out a new quick-reference idea in its latest catalog; first page is 7 1/4" wide, successive 19 pages graduate up to a 9" width, with border arrows directing attention from general illustrations in the front to detailed descriptions of specific equipment in the back. . . . L. J. Wing Manufacturing Company salesmen go armed with a new-type calling card—a card-sized miniature catalog containing thumb-nail descriptions of the company's air handling and power plant machinery. . . . Advertisers are offered a new talking-picture "road show" service; it handles all details of presenting shows, consisting of advertising plus entertainment or sustaining films, before selected audiences in any part of the country.

—PAUL H. HAYWARD



Door-step demonstrations, favored by kitchen-gadget salesmen, also sell heavy tube and bar straightening units, Sutton Engineering Company finds. The truck visits prospects' plants



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Just What Are Unfair Practices?

By PAUL H. HAYWARD
Of the Staff of Nation's Business

AN exploration of a field, greatly publicized by political reformers, to learn what all the shootin's for and why compulsion can't eliminate "twilight zone" methods as well as cooperation

THAT competition is the life of trade has been a long-accepted principle in this country. Conversely, it is generally accepted that unfair competition destroys trade. Committed to the first, our people have taken organized action against the second, both through governmental and private agencies.

The governmental attack has been conducted by Congress, court and commission. Statutes are on the books which, in one full sweep, declare unfair methods of competition unlawful; court edicts, stipulations, cease and desist orders and the ill-starred NRA codes have branded particular methods unfair and proscribed their practice.

Private agencies in the form of trade associations, better business bureaus and other groups, through education, persuasion and cooperative action, both among themselves and with government agencies, have sought to end such methods within particular industries and trades.

But it is one thing to declare unfair competition outlawed, as Congress did through the Federal Trade Commission Act in 1914, and quite another thing actually to end it.

An early difficulty arose in the fact that, although Congress in its wisdom and 11 words of Section 5 of that Act declared unfair methods of competition unlawful, it neglected to explain what constituted such methods.

Fraud and other more patently dishonest acts were already barred by common law, and the Sherman and Clayton Acts had proscribed certain other practices.

Aside from such guidance as was thus afforded, however, Congress placed the burden of deciding what constituted unfair methods of competition, inferentially at least, upon the Commission.

Whatever Congress' intent, it soon developed that the last word as to what was or was not unfair competition lay, not with the Commission, but with the courts.

Perhaps no better or briefer—and certainly no more authoritative—discussion of the subject can be given than the Supreme Court wrote in the *Schechter* poultry case last May. It follows:

"Unfair competition," as known in the common law, is a limited concept. Primarily, and strictly, it relates to the palming off of one's goods as those of a rival trader. . . . In recent years its scope has been extended. It has been held to apply to misappropriation as well as misrepresentation, to the selling of another's goods as one's own—to misappropriation of what equitably belongs to a competitor. . . . Unfairness in competition has been predicated of acts which lie outside the ordinary course of business and are tainted by fraud, or coercion, or conduct otherwise prohibited by law. . . .

The Federal Trade Commission Act . . . introduced the expression "unfair methods of competition" [note the distinction] which were declared to be unlawful. That was an expression new in the law. Debate apparently convinced the sponsors of the legislation that the words "unfair competition," in the light of their meaning at common law, were too narrow. We have said that the substituted phrase has a broader meaning, that it does not admit of precise definition, its scope being left to judicial determination as controversies arose. . . . What are "unfair methods of competition" are thus to be determined in particular instances, upon evidence, in the light of particular competitive conditions and of what is found to be a specific and substantial public interest.

A lengthening list

SO, through the years, more and more unfair methods of competition have been declared not only unfair but definitely illegal.

So also through the years, influenced by the development in trade and industry of both group conscious-

ness and group conscience, many trade methods which were once dismissed with an easy "business is business" have now come under the "unfair but not illegal" classification.

Borrowing a phrase from the Federal Trade Commission's trade conference procedure, these two kinds of unfair practices may be designated as belonging to Group I and Group II respectively. The designations may perhaps be further clarified by quoting a statement by the Commission concerning unfair trade practices which can be banned through agreement within trades and industries. Released last August 1, this statement said:

The unfair trade practices which are embraced in Group I rules are considered to be unfair methods of competition within the decisions of the Federal Trade Commission and the courts, and appropriate proceedings in the public interest will be taken by the Commission to prevent the use of such unlawful practices in or directly affecting interstate commerce.

Concerning unfair practices of the Group II type, the statement continued:

The trade practices embraced in Group II rules do not, *per se*, constitute violations of law. They are considered by the industry either to be unethical, uneconomical or otherwise objectionable. . . . Such rules . . . when they . . . are not violative of the law, will be received by the Commission, but the observance of said rules must depend upon and be accomplished through the cooperation of the members of the industry concerned, exercised in accordance with existing law. . . .

Descending from the general to the particular, what are typical unfair practices in the two classes? The trade practice conference rules adopted by the household furniture and furnishings industry supply characteristic examples. Group I rules of this industry specify the following, among others, as unfair trade practices:

Selling of goods below cost, with the intent and effect of injuring a competitor, and where the effect may be to

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lessen competition substantially or tend to create a monopoly or to restrain trade unreasonably.

Secret payment or allowance of rebates, refunds, commissions, or unearned discounts with similar intent or effects as above.

False or deceptive advertising.

Commercial bribery.

Group II rules of this industry condemn such practices as:

Usurping designs, styles or patterns originated by one's competitor and appropriating them for one's own use within one year of their origination.

Withholding from or inserting in an invoice or contract statements which make the invoice or contract a false record of transaction.

Repudiation of contracts.

Other proscribed practices

TO the particular examples of unfair methods of competition of the Group I type mentioned in the rules of this particular industry a host of others can be added. Enticing away of competitors' employees so as to hamper competitors in conduct of their business, trade boycotts, using merchandising schemes based on lot or chance, misbranding of commodities—these are a few of the many which have been condemned from time to time by the Federal Trade Commission in its orders to cease and desist.

Other practices which the Commission has ruled unfair have been ruled not unfair by the courts upon appeal.

There was, for example, the case of the mattress company which used a trade-mark showing a mattress with one end open and the exposed filling flaring up in a truly remarkable manner. The Commission found that the actual expansion of the filling when freed from restraint was only three to six inches, instead of the 35 or more which the trade-mark indicated. Forthwith it forbade such pictorial exaggeration as false and deceptive advertising and an unfair method of competition.

The court ruled, however, that although the mattress company had perhaps stretched the expansibility of its fillings, the Commission had stretched its powers even more. It annulled the Commission's order, pointing out that, under the FTC interpretation, the slightest pictorial exaggeration might be forbidden, even though well within the limits of legitimate trade puffing.

"The time-honored custom of at least merely slight puffing," the court pointed out, "... has not come under a legal ban."

There was the case of the bed-spring manufacturer who, through an arrangement with retailers, offered necktie sets to the latter's salesmen as an inducement to push his line. The Federal Trade Commission declared this giving of premiums an unfair method of competition and ordered it stopped, but the

court ruled the practice constituted neither fraud nor unfairness to the public, saying in part, "It would be little less than an absurdity to say that a salesman, . . . to escape the charge of unfairness, must disclose to every would-be buyer his interest in the transaction in hand."

Three attacks on unfairness

WITH this brief review of what we are dealing with when we speak of unfair competition and unfair methods of competition, let us glance at the methods of dealing with such practices, past and present, by Government, by organized effort of private business and by cooperation between Government and business.

Through the years, the governmental attack has proceeded through what might be termed three successive stages.

As indicated in the Supreme Court decision in the *Schechter* case, the common law was the sole weapon during the first stage and was effective against only the grosser forms of such competition. With trade and industry increasing in complexity and size and the intensity of competition likewise increasing, the common law was deemed inadequate to govern certain of the new forms of unfair competition.

The second stage was ushered in
(Continued on page 54)



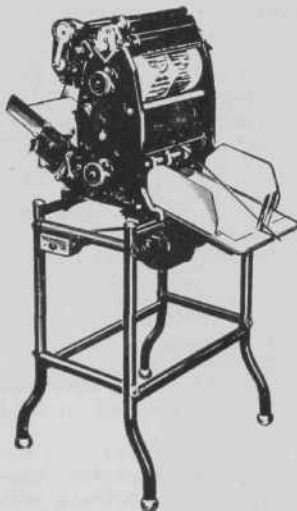
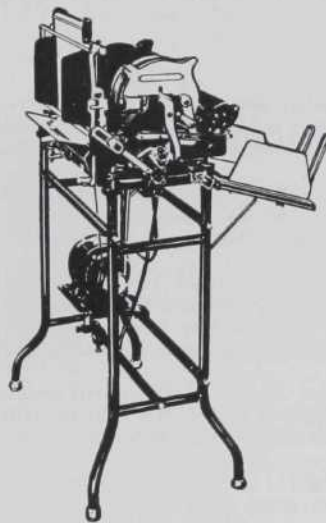
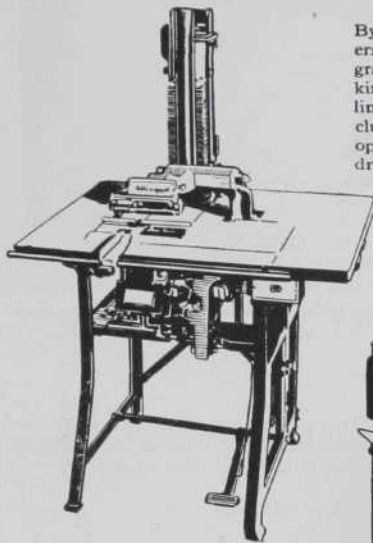
Voluntary action offers the only hope for suppressing those practices which, though not contrary to common law or good morals, are still essentially unfair and uneconomic

WEIGHED *in DOLLARS..*



.. How much is each customer worth to *You?*

By speeding up work, eliminating errors and cutting costs, Addressograph is adding to profits in all kinds and sizes of business. The line of more than 50 models includes a range from small, hand-operated machines to large, power-driven automatics.



In multiple typewriting and office printing, Multigraph frequently saves its cost in a few months and thereafter contributes important profits to its owner. More than 50 models comprise a line to exactly meet the requirements of any business or organization.

The Multilith method of office lithography combines beauty, simplicity and economy to open many new opportunities for profit. No need for half-tones, zinc etchings or electrotypes . . . important savings in both time and money. Produces beautiful color work.

If you could weigh your customer and prospect lists *on a scale that recorded potential business*, you'd be astonished at the totals. Many successful businesses are discovering how to do this very thing!

They are developing *master lists* and recording them on error-proof, fire-proof Addressograph metal plates . . . classifying them for automatic selection . . . checking them frequently to detect necessary changes . . . *continually building them*. Periodically they analyze these lists to weigh selling effort against possibilities in various markets.

Their aim is to omit no worthwhile prospect and to leave no Addressograph plate unturned which can help them hold their present customers . . . gain new customers . . . win back customers who stray!

To this end, too, they are originating powerful, sales-building letters and direct mail pieces *and producing them by the thousands on Multigraph*, along with price lists . . . catalog pages . . . announcements . . . bulletins to those who sell . . . and countless printed forms.

So, too, with Multilith . . . simplified office lithography . . . they are flashing the buying reasons of today to the customers of tomorrow . . . typing and drawing on a paper-thin Multilith plate, or creating more elaborate pieces by photographing illustrations and type matter direct on the plate. This is *economical lithography* . . . the Multilith process that *gives action to ideas on the very day they are born*.

Ask our representative for *all* the interesting facts. Consult telephone books in principal cities . . . or write to us for complete information.

ADDRESSOGRAPH-MULTIGRAPH CORPORATION

Cleveland, Ohio

Offices In All Principal Cities of the World

Addressograph • Multigraph • Multilith

TRADE MARK

TRADE MARK

TRADE MARK

No Business Can Escape Change

New business finds one of its most potent and positive progenitors in new products

Built to operate with radiator heat, a new compact air-conditioning unit for small homes, filters, circulates and humidifies the air. It requires only the heat, water supply and drain connections, is usually installed in the basement ceiling. . . .

A billiard table of new design is offered for the home recreation room. It's equipped with a rack for ash trays and smokes, a removable top for table tennis, dining, etc. . . .

New, compact and complete sheet metal working equipment is now offered for the home workshop. It includes an electric welder, power shears, a former, a paint-spraying machine and hand tools. . . .

Also for the home workshop, a new line of small, light, low-priced wood working tools operates with a tenth horsepower motor, includes lathe, jig saw, drill press, buffers, sander and grinder, table saw. . . .

Inlaid linoleum which carries on its back its own adhesive for laying is now available. It is laid directly to wood or concrete floors (above grade) simply by moistening the adhesive. . . .

The awkward problem of carrying an umbrella in an automobile is solved by a new auto foot rest which conceals a full-sized umbrella in its crossbar. . . .

A removable, replaceable resistor unit is built into the insulator of a new spark plug for radio-equipped cars. It's said to improve reception, cutting spark noise or click to a minimum. . . .

Top and rear bumpers carry a new auto camping outfit. It sleeps two people atop the car, provides an awning shelter for two cots at the side, dressing compartment, storage space, table, does not obstruct rear vision. . . .

A new safety lighting system for trucks, buses provides three front, four rear beacons, the latter contrived to blink when the vehicle reduces speed or stops. Other features: automatic auxiliary emergency system, pilot signals in the cab. . . .

A fine car manufacturer offers a new 15-passenger "luxury express" bus. It's said to permit 40-45 miles per hour average speed, afford all the comfort of the finest limousine. . . .

Said to be practically unsinkable, light, welded all-steel speedboats and rowboats which are keelless, ribless are now being built. A unique bottom shape causes them to plane quickly, smoothly with outboard motors of small horsepower. . . .

Corrugated, springy prongs distinguish a new electrical attachment plug. It's said to assure a better contact, not to pull out or loosen so readily as the conventional type plug. . . .

Tennis nets made of stainless steel wire, save for a conventional canvas top, are on the market. They're said not to sag, stretch or corrode, can be left in place an entire season. . . .

Press the base of a new and modernized molded plastic shaving mug and shaving cream wells up through a small hole in the bottom. After lather's been whipped up and used, the mug can be flushed clean. . . .

A line of hard toilet soap which floats is being put on the market. Tiny air-ducts, pressed into the bar, permit thorough curing from the center and make it non-sinking. . . .

Casein and milkstone deposits on glass or metal milk containers are said to be so completely softened by a new preparation that they can be easily wiped or brushed off. . . .



Compressed air instead of explosives is now being used to break down coal. The air cartridges can be "fired" during the working shift, are said to reduce hazards, produce more lump coal

Retailers are offered a new delivery unit—a 60-pound bicycle trailer, mounted on two small, balloon-tired wheels. It carries up to 400 pounds of merchandise, is said to tow easily. . . .

Powered by air or electricity, a new portable pipe saw is said to cut 8" to 48" steel or cast-iron pipe quickly, cleanly. It has an automatic feed, can be handled by one man. . . .

A new hydraulic riveting machine consists of a 54-pound portable yoke-type press and an automatic pressure generator, connected by hoses and electric control cable. It develops up to 35,000 pounds pressure, works speedily, quietly. . . .

A new midget electric drill weighs only 2½ pounds, resembles a bull-dog pistol. It's said to drill ¼" of steel in five seconds, to be easily and efficiently operated in one hand. . . .

Weight is saved in a new power-shovel dipper by use of aluminum alloy and rolled steel for certain parts. Result: increased shovel capacity without a corresponding increase in power used. . . .

Parallel misalignment of as much as 5/16", angular misalignments of three to six degrees are compensated for by a new self-aligning coupling for direct-connected drives. . . .

A self-vulcanizing rubber, in paste or liquid form, is offered as a corrosion, abrasion, acid resistant covering for inside or outside surfaces. It's applied cold, on special primers. . . .

Cannibalistic tendencies in chickens are curbed by a new beak guard. It swings clear when the head is lowered to feed, prevents tail pecking when the head's raised. . . .

Porcelain-enameled iron "headstones" and grave markers have been developed. Finished to simulate marble or granite, with name plates attached, they are secured to a stone base. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

engineering and compact design! The new C-H Bulletin 9101 is a complete unit of Motor Control, bringing to the fractional horsepower motors of home, office or factory, new simplicity of control and positive protection against overloads.

NEW 9101

Small enough to fit in your hip pocket
Sturdy enough to serve in a steel mill

Cutler-Hammer engineers have scored again . . . this time to save time, trouble and expense for both the makers and users of fractional horsepower motorized machines. Check these outstanding features of C-H Bulletin 9101 Motor Control:

(1) A complete unit of Motor Control, yet only $2\frac{1}{2}'' \times 2\frac{1}{2}'' \times 4\frac{1}{4}''$ overall. (2) Extra large shroud-protected push buttons easily operated even by gloved fingers. (3) Indicates "ON" and "OFF" under either manual or automatic overload operation. (4) Free-tripping overload protection. (5) Reset after overload made automatically. (6) Double

solid silver to solid silver contacts—non-rusting parts and insulation unaffected by moisture. (7) C-H eutectic relay with overload protection in 10% increments makes fullest use of motor, stops it only where actually endangered by overload. (8) Top, surface or cavity mounting. Ideal for "inbuilt" control on any machine.

Ask for C-H Bul. 9101. Carried in stock by reliable independent electrical wholesalers everywhere. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1251 St. Paul Ave., Milwaukee, Wis.



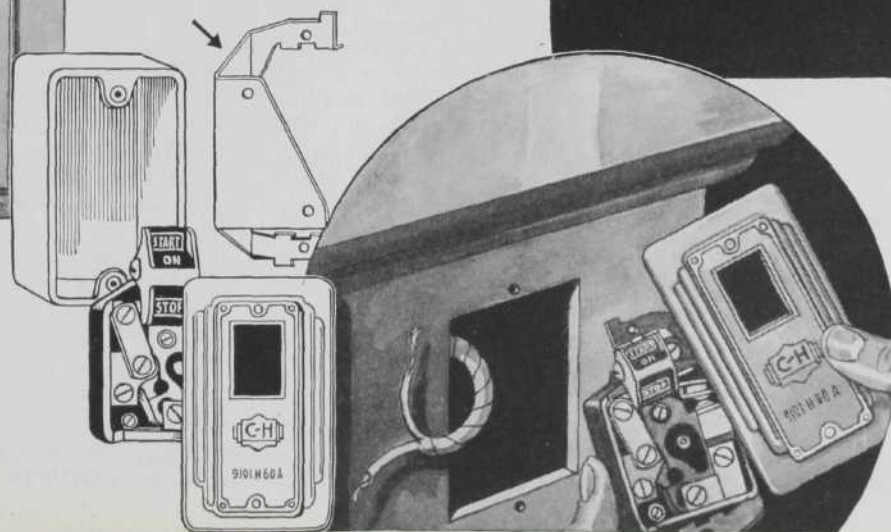
A complete unit of Motor Control . . . starts and stops motors and protects them against overloads, yet it measures only $2\frac{1}{2} \times 2\frac{1}{2} \times 4\frac{1}{4}$ inches overall. Ruggedly built, extremely accurate, simple to install, easy to use, and decidedly good looking.

OVERLOAD PROTECTION

C-H Overload Relay in 9101 passes all harmless overloads, does not stop motor unless actually endangered. Also push buttons return to "OFF" when motor is stopped by overload so user is not confused. To restart after overload, only "START" need be pressed—no relay reset is needed. Further, relay action is free-tripping so user cannot force motor to run under harmful overload by holding "START" depressed. These features save time, trouble, tempers and service calls.



Adapter plate (indicated by arrow) provides for variety of easy mounting means as "inbuilt" control in machines. Switch is enclosed in bakelite body even with cover, adapter plate and steel shell removed.



TO MACHINE BUILDERS

Ingeniously arranged for top, surface or cavity mounting. Ideal for "inbuilt" control on any machine. Internal terminal board simplifies wiring. Write for sample on company letterhead.

CUTLER-HAMMER C-H MOTOR CONTROL

**"Right by
No. 7 Stockroom
and he put it out!"**



PROMPT detection of an incipient fire is not an unusual occurrence in plants properly safeguarded by watchmen, checked with approved watchmen's systems.

AS TO the choice among all watchmen's systems, American business has given an overwhelming answer. 80,000 Detex Watchmen's Clocks in 50,000 systems show how generally this system meets the needs of most plants. In most places, one of the Detex Systems will prove to be the best check on the watchmen, assuring trustworthy rounds, and continuous alertness for chance fire.

ANY desired information on request.

DETEX WATCHCLOCK CORPORATION
4153 Ravenswood Ave., Chicago, Ill. 29 Beach St., Boston
80 Varick St., N.Y. Room 800, 116 Marietta St., Atlanta

NB-10



Our Invisible Tax Levies

By C. OLIVER WELLINGTON

Scovell, Wellington & Company, Accountants
and Management Engineers

THE direct appropriation for a bureau's expense is only the first cost of bureaucratic government. The second cost comes as an indirect tax upon industry and is many times as great. But if money expenses were all, business would not be so concerned. This cost must be passed on to the consumer, thus restricting his ability to buy more goods. But an even greater tax grows out of the fact that energy and time are deflected from the main job of promotion and development of business

"THE expense of obtaining and compiling the data necessary to determine the amount of our liability for floor stock taxes far exceeded the tax paid," says a manufacturer.

A large oil company states that it "files more than 25,000 tax, license and permit reports alone, not to mention the voluminous reports of every character required by petroleum code authorities and the federal and state governments."

Another manufacturer says, "In addition to routine reports we are frequently called on for special reports, such, for instance, as a detailed report of sales to chain stores and other data requested by a congressional investigating committee. The report covered between 300 and 400 pages and represented not less than 1,000 man-days to prepare."

Nineteen concerns of small and moderate size prepare annually 185 separate reports for federal, state and local governments as a matter of regular routine—not counting the special reports which bureaucrats think up so prolifically. This is according to figures gathered recently by the National Association of Cost Accountants.

Of course reports from business to government—even governmental investigations and snooping—are not new. But under the New Deal the number of such demands has grown beyond all reason. The bureaucrats and inquisitors—as well as the legislators—are burdening business with a tremendous extra expense.

It would be nice to think that this condition is due mainly to the well meaning efforts of men who are trying to gather information which will be of value to the country and whose chief fault is that, having no practical knowledge of business, they fail to realize how much extra work

their complicated, unstandardized reports involve.

But anyone with much experience in Washington suspects that a good deal of the information is demanded chiefly to enable the bureau head to justify his job by having stacks of statistics to show as evidence of his activity. Such data may or may not occasionally serve some useful purpose. But when the bureaucrats have a professorial background and practically no business experience the information sought is likely to serve no use except the doubtful one of satisfying some professor's curiosity or backing up a theorist's preconceived ideas.

Extra cost is enormous

HOW much American business is burdened by this curiosity probably could not even be closely estimated. But the fact that the extra cost for merely 17 concerns out of those with which I have been in touch totals more than \$3,300,000 a year indicates that it is enormous. There is a wide variation—but I suspect that those who report comparatively small expenses are not equipped accounting-wise to segregate such costs.

The data which I shall present here comes from two sources:

1. Information gathered from conversations and correspondence with clients and other industrialists.

2. From a survey undertaken by the National Association of Cost Accountants.

My own efforts were confined chiefly to trying to determine what extra business expense, other than taxation, was involved by the New Deal. The National Association of Cost Accountants covered more ground. Together these studies probably present a fair cross-section of the ex-



The Master De Luxe Town Sedan

CHEVROLET



TURRET-TOP BODY BY FISHER (WITH FISHER NO DRAFT VENTILATION) . . . IMPROVED KNEE-ACTION RIDE . . . BLUE-FLAME VALVE-IN-HEAD ENGINE WITH PRESSURE STREAM OILING . . . WEATHERPROOF CABLE-CONTROLLED BRAKES . . . SHOCK-PROOF STEERING

From 1911 to 1935
PIONEER OF QUALITY
in the low price field

FOR nearly a quarter of a century—from the building of the first Chevrolet to the building of the 1935 Master De Luxe models—Chevrolet has led the way in bringing modern, up-to-date transportation to the low-price field. Turn your mind back over the years and you will find that Chevrolet has pioneered improvement after improvement in low-priced cars. Smartly-styled closed bodies . . . the Syncro-Mesh Transmission . . . the Knee-Action Ride . . . solid steel Turret-Top construction, and many other improvements of the first importance, all have originated with Chevrolet. Many builders have pioneered one new feature or a series of new features, but it is perfectly true to say that Chevrolet has pioneered *quality* for the entire low-price field. And, of course, you get the highest development of Chevrolet beauty, comfort, performance and economy in the Master De Luxe Chevrolet for 1935. Examine this distinguished motor car . . . ride in it . . . and choose *Chevrolet* for quality at low cost!

CHEVROLET MOTOR CO., DETROIT, MICHIGAN

Compare Chevrolet's low delivered prices and easy G. M. A. C. terms. A General Motors Value



FREE ON REQUEST

This valuable new book brings you the most up-to-date, authoritative information on modern methods of variable speed control for industrial machines.

Regardless of the type of product you manufacture, this Handbook will be of vital interest and value. It gets right down to the brass tacks of variable speed control—what it is—how it is engineered and applied—the remarkable advantages it offers; 112 pages and over 200 illustrations, diagrams and tables.

Back of this book is the specialized experience of an organization which has devoted 35 years to solving every conceivable type of speed control requirement. Every production executive, plant superintendent, purchasing agent, machine designer should have a copy. Distributed free only to those who request it. Published by the REEVES PULLEY COMPANY, manufacturers of the REEVES Variable Speed Transmission.

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Send, without obligation, free copy of new REEVES Speed Control Handbook. (NB-10-35)

Name
Title
Company
Address

perience of large, medium and comparatively small concerns in various branches of business.

When reports are mentioned, the first item of expense that comes to mind is for clerical and accounting salaries, so let's start with that—although, as we shall see, it is probably overshadowed by other items.

A railroad says of its clerical expense: "The total extra expense from 1933 to the spring of 1935 is \$23,000."

An oil refinery: "Extra work in accounting department alone we estimate to be between \$100,000 and \$150,000 a year."

A manufacturer of alloys: "We estimate our extra cost entailed by the reports and accounting to be approximately \$10,000 a year."

A motion picture company: "We would guess that the additional outlays for reports and accounting are between \$40,000 and \$50,000 a year."

A tire manufacturer: "We can probably trace added costs and expenses amounting to \$300,000 a year directly to the accounts."

A department store chain: "It is our estimate that in the past two years it has cost us at least \$50,000 to prepare processing tax and similar reports."

A food manufacturer: "We estimate total expenses for such items during 1933 and 1934 at \$100,000."

A public utility holding and operating company: "While our expenses have been large due to the various reports and regulations, we have no accurate records as to the exact cost."

A drug store chain: "It is believed that in the past two years our costs from compiling reports have averaged not less than \$5,000 a year."

An oil company: "We estimate our costs in money and time as a result of additional reports and accounting at \$35,000 a year."

An oil producer and distributor: "Not including new taxes or additional taxes, but including contributions and the expenses of our men in attending code meetings and the like as well as the cost of reports and accounting, I should estimate that the

BELLRINGERS



COURTESY WARNER BROS. PICTURES, INC.

Behind the Screen

ANATOMY of the movie business as revealed by the *Motion Picture Almanac* for 1935-1936:

Average age of stars, 34; men, 39; women, about 30.

There are 18,250 theaters of which 13,500 are in operation.

Aggregate seating capacity, 11,132,000.

Nine persons to every theater seat in cities of more than 100,000.

Weekly attendance, 75,000,000.

Seventy-five per cent to 85 per

cent of all adult admissions bought between 7:30 p. m. and 8:30 p. m.

Number of prints required for each feature, 50 to 250.

Daily runs per picture, 200.

Screenings per print, 200.

Maximum bookings per picture, 10,000.

Minimum bookings, 2000.

Twenty-eight per cent of the 96 stars who headed the casts of the box office champions last year were born in foreign lands.

New Deal has cost this corporation and its subsidiary companies about \$500,000." This concern was unable to segregate the clerical from the other expenses.

A common and serious complaint is that the extraneous activities under the New Deal have taken so much time of high executives that serious loss of sales and profits has resulted.

Of this a steel manufacturer says:

"Much of the burden rests upon the executive staff, forcing many of them to neglect pressing work to attend committee meetings, conduct correspondence and supply information required under the New Deal legislation."

An oil company: "If we were to take into account the time our executives from the top down have spent on New Deal legislation, the amount (\$500,000 for reports, etc.) would be considerably increased."

A manufacturer of rubber goods:

"When you consider the attempts to interpret and to adapt policies to Section 7(a); attempts to find out just what is and is not permissible to price control; and the altered relationships resulting from the philosophy that zealous application to duty may not be an economic virtue, you run into costs which probably are staggering in the aggregate."

A burden on executives

ALONG the same line is the answer of a company which replied to the N. A. C. A. questionnaire: "With respect to government reports the greatest amount of time is spent by the top executives themselves in first interpreting and understanding the questions, deciding whether the company comes within the classification, whether to answer such questions and really finding out what each questionnaire is all about."

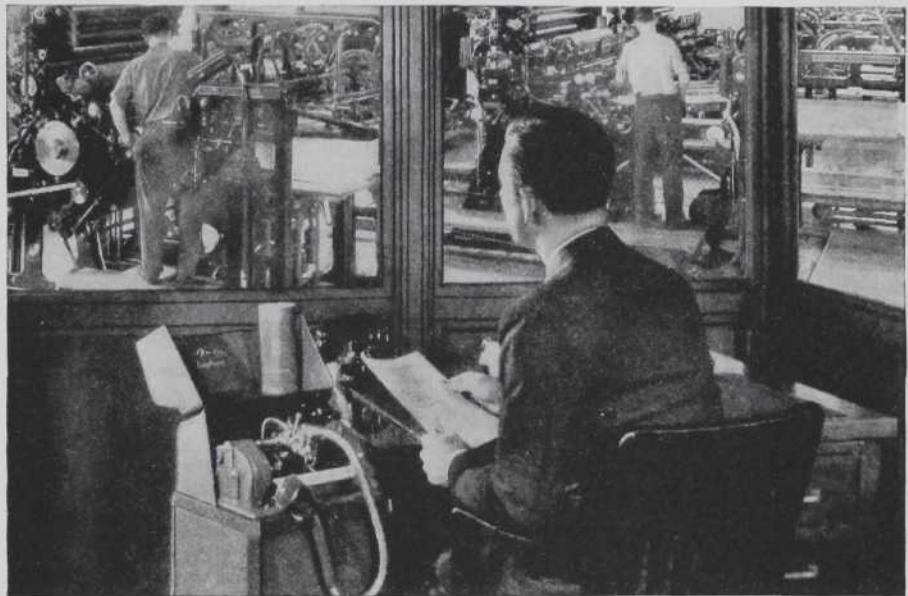
The motion picture company which estimated from \$40,000 to \$50,000 a year for reports and accounting says further, "Our principal complaint would be the matter of the time spent by the principal executives. We know of no way to estimate the value of the services which have been lost to the corporation because of the time diverted to matters having nothing to do with the ordinary cost of running the business. It is in this respect that legislation in the past two years has been a real burden."

A manufacturer whose operations brought him under 19 codes says: "Much time and money are spent by department heads attending code meetings. This takes important executives from their work and naturally reduces efficiency of production."

The oil company which reported



as do without Ediphone Voice Writing



because it has increased our Dictators' business capacity 50%!

(From Edison Records of the World's Business)

Crediting Voice Writing with a 50% increase in the business capacity of his dictators, the President of this large printing establishment states:—"If the Ediphone drew the same salary that I draw, the company would still be ahead of the game!"

A Pro-technic Ediphone stands next to each dictator's desk—which means that no one wastes a second when there's work to be done. Each man simply turns to his Ediphone "24-hour secretary," and talks ... as slowly or as quickly as desired. Whenever a letter has been read or a tele-

phone call completed, the answer or confirmation is dispatched instantly. At the same time, if samples, price lists, etc. are needed, memos are dictated to men possessing the required information.

All information about special jobs is voicewritten. Thus, everyone gets written instructions and copies are filed—a system which gains \$8,000 per year!

This modern dictation instrument probably will increase your firm's business capacity 50% too! For convincing proof, Telephone The Ediphone, Your City; or write to—



Thomas A. Edison
INCORPORATED
ORANGE, N. J. U. S. A.

THE "5-POINT" DICTATING MACHINE

Dust-Proof • Dignified Design • Sanitary • Tailored in Steel • "Balanced" Voice Writing



THEY DON'T WANT SYMPATHY

These proud, hard-working American homemakers

They're a proud lot—those workmen of yours. They've learned to "take it on the chin" and come back smiling from blows that might finish men less sturdy.

You know how much they're earning each week. Ever try to figure out how *you* would live and raise your family on that? Yet a look into their homes shows what they can do on their salaries. Clean. Comfortable. Warm. Children being educated—fed—clothed. They're happy too.

They Need Money!

But—along comes sickness, or any one of a dozen unexpected expense-makers. The money just won't go around. What then? Sympathy? No! They want and need help. Help in the tangible, practical form of a loan to tide them over.

Household makes such loans—loans which can be repaid in convenient monthly amounts, generally less than 10% of the borrower's monthly wages. And Household goes even further. We give them workable plans for the better management of their home finances—to help prepare them for future emergencies—and to help them get more of the things they want out of their pay checks.

How Household Helps

We give their wives training in the art of buying to make dollars go farther. Thus—the money you pay them does a bigger job.

If you employ men—let us send you sample copies of our Bulletins. See what Household is doing to help the American family.

HOUSEHOLD FINANCE CORPORATION

AND SUBSIDIARIES

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DOCTOR OF FAMILY FINANCES N. B. 10
919 North Michigan Avenue, Chicago, Ill.

Please mail me, absolutely FREE—the new-type budget calculator; "MONEY MANAGEMENT FOR HOUSEHOLDS" and sample copy of your "BETTER BUYMANSHIP" booklets.

Name.....

Street.....

City..... State.....

extra accounting expenses of from \$100,000 to \$150,000 a year adds:

"If the time of the executives from the president on down, including the legal department, in dealing with the Oil Code Authority and various other agencies at Washington were to be considered, the figure would be somewhere between \$500,000 and \$750,000 per year."

A company in the retail field says: "Extra expenses for public relations and legislative representation have become more necessary with the tendency of the Government to interfere with business."

Fewer reports wanted

TO SUM up the answers to the questions asked by the National Association of Cost Accountants in regard to the Cost of Reports Required by Outside Agencies which, it should be noted, were asked chiefly of small and medium sized concerns:

Thirty-seven per cent believed that

duplication could be eliminated by consolidation of reports or by the use of a single agency to collect the information.

Thirty-five per cent feel that there is need for standardization and simplification of the report forms.

Forty per cent feel that certain of the reports are unnecessary and could be eliminated.

Thirty-seven per cent, however, have found it possible to reduce the cost of reports by changing their accounting records, reports or routine.

All in all there can be little doubt that the added costs run into staggering figures. Some of the cost of course is passed on to the consumer and, like all waste, reduces purchasing power. That part which cannot be, or is not, passed on constitutes a reduction in profits and so reduces the purchasing power of stockholders and delays the purchasing of new equipment.

In either case these expenses are a brake which slows down recovery.

A Few Who Want Reports

I. Federal Government

- A. Bureau of Internal Revenue
 - 1. Federal income taxes
 - 2. Floor stock taxes (flour, cotton, bags, etc.)
 - 3. Processing taxes (wheat, corn, hogs, etc.)
 - 4. Excise taxes (automobiles, tires, candy, tobacco, etc.)
- B. Bureau of the Census
 - 1. Census of Manufactures (biennial)
 - 2. Census of American Business
 - 3. Census of Distribution
 - 4. Production, floor stocks, etc.
- C. Bureau of Labor Statistics
 - 1. Employment and pay rolls
- D. Bureau of Mines
 - 1. Production
 - 2. Accidents
- E. Securities and Exchange Commission
- F. Tariff Commission
- G. Federal Trade Commission
- H. National Recovery Administration
- I. Public Works Administration
- J. Other Federal Departments and Agencies

II. State and Local Governments

- A. State income taxes
- B. Corporation and Capital Stock taxes
- C. Public utility commissions
- D. Property taxes
- E. Licenses and permits
- F. Employment, accidents, etc.
- G. Production

III. Stock and Commodity Exchanges

- A. Corporate information for stock listing

IV. Trade Association and Code Authorities

- A. Employment and pay rolls
- B. Price filing
- C. Production, machine hours, etc.
- D. Cost information, inventions, etc.

V. Other Agencies

- A. Insurance companies
- B. Credit reporting agencies

Why the Gay '90's Were Gay

NOW exalted above its ordained service as a buyer's guide by the director of the New York public library, the mail order catalog of yesteryear is put in a way of becoming valuable source material for the historian and a text book for students of manners and customs. It is Harry Miller Leydenberg who raises this mercantile literature to a place on the shelves of his institution. At present his collection, with some gaps, goes back to 1896. A catalog issued by Sears Roebuck & Company for that year provides its own commentary on change.

Remedies for man and beast contributed a fascinating feature to that edition. Among them were the specifics of Dr. Hammond, guaranteed to cure rheumatism, whooping cough, colic, brain fag, gravel and St. Vitus dance.

Changes in fashions

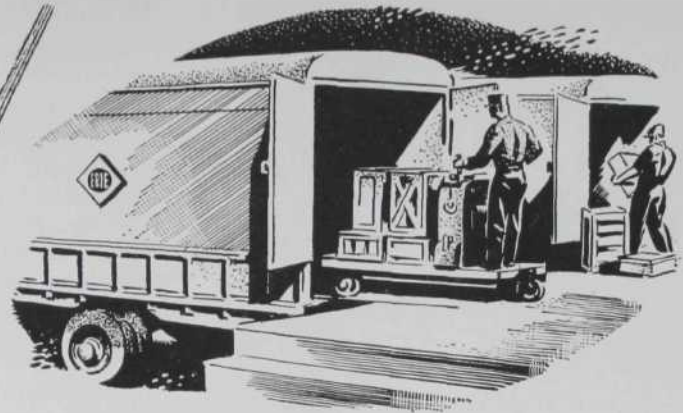
AN ITEM which has disappeared from later issues of the catalog was heralded as "a Fine Solid Gold Fancy Chased Toothpick and Earspoon, Retractable at Will."

Next to the fashions in men's and women's clothes, the book section probably was the best index of America's changing taste.

The 1896 catalog listed the works of Marie Corelli, Hall Caine, Captain Mayne Reid, Edgar Wilson, "Bill Nye" and James Fenimore Cooper. Prominently featured were such classics as "Ten Nights in a Bar Room, and What I Saw There," and "Grappling With the Monster, or the Curse and Cure of Strong Drink."

High shoes with needle-pointed toes occupied a great deal of space in 1896. The "Feel Ezy" was the men's favorite, while the "Ladies' Dongola Blucherette," for \$2.95, was the ultimate in women's footwear.

How quickly the "progress" of one period becomes the museum pieces of another is within the experience of a generation. As a reference book for understanding the evolution of the American standard of living, the endless serial of the mail order catalog realistically reveals the item and detail of the comforts and conveniences by which life on the American plan has been lived. Certainly these hardy annuals must be ranked among the best sellers on any basis of reader appeal or power of persuasion.—R. C. W.

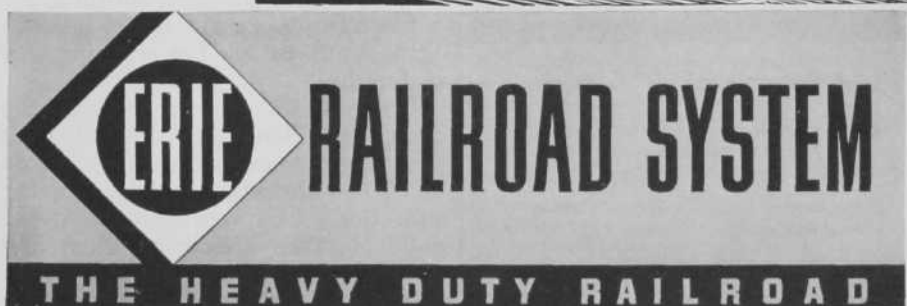


Now You Can Ship C.O.D. on the **ERIE**

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Carl E. Best, Manager, Rockmont Envelope Co., Denver, Colo.

"IRON FIREMAN cut our fuel costs 60%"

says Carl E. Best, Manager,
Rockmont Envelope Co., Denver

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Iron Fireman is quickly installed in old or new heating or power boilers up to 300 h.p. Easy payment terms.



Rockmont Envelope Company plant, Denver, Colo.



IRON FIREMAN MANUFACTURING CO.
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Type of plant:

- ☐ Send literature ☐ Commercial heating
☐ Make firing survey ☐ Power ☐ Residential

Name

Address

Painters' Frolic

(Continued from page 29)

and he kind of grunted when we said, "Good morning, Mr. Newell."

Henry winked at me and started to lift a ladder off the truck.

As usual his hand hit the radiator.

"Ouch," he said and dropped the ladder.

Newell looked interested.

"Hurt?"

"No, just scorched a little."

"You have compensation insurance for that, of course."

"No," I said, "we don't need it for us."

"The hell you don't," said Newell. "Suppose you get hurt on this job."

"We'll risk it," Henry said.

"I won't," Newell said. "If you get hurt painting my house, you can sue me and collect. If you don't have insurance, load that stuff back on the truck. I'm not taking any chances."

After that we carried compensation insurance. It cost, on the average, about 3.5 per cent on every job.

We were glad we had it, too, the time Henry slipped off the Cassidy roof and broke his arm. He was laid up six weeks and I had to hire a journeyman to work with me. Henry was able to come to the office and round up some jobs. It was a good thing he was able to get them because the fellow I hired was a pretty nifty painter. He was a draftsman and could do decoration, and faces and figures. We had to pay him \$55 a week which was higher than the scale.

No worries for him

"PRETTY soft for him," I said to Henry. "Fifty-five bucks a week and when he lays down his paint brush, he's through."

"Yeah," said Henry, "and where's it going to get him?"

"Well, where's all this getting us?"

"Everybody's got to make a start. We're getting over the hump. Our outfit's paid for and there's some money coming in."

"And going right out again for rent and insurance and wages. You never get those things paid for."

"You're just tired," Henry said.

"I ought to be. I'm working day and night."

I had been, too. Even with the clerk and Henry in the office all day, there were still things to do at night—checking estimates, going over the books, writing checks—we didn't let the kid write them and Henry's arm was still in a sling—and worrying.

I did plenty of that. I worried about whether we would have a job next week, worried about bad debts, worried about paying the journeyman.

"That," I thought, "is at least one expense we won't have when Henry gets well."

But when Henry came back we kept the journeyman on just the same. And hired another one.

Bigger jobs and more worry

THAT meant we had to buy more pots, more brushes, more ladders, more everything. I didn't want to do it.

"Just when we were getting a little money ahead—," I said.

"This will mean more money ahead in the long run," Henry said. "After all, we can't get very far by ourselves. With a crew of men, we can take bigger jobs and more of them."

"And have that much more to worry about," I said.

"Well, somebody's got to worry, if any work is ever going to be done. And the bigger the job, the bigger the worry. That's why the guys with big jobs get more money."

But I couldn't look at it like he did. Sometimes I'd wake up at night and think of all that stuff we had, ladders and brushes and pots, a telephone and a truck—stuff we had spent money for. And none of it any good unless somebody wanted his house painted—and then maybe he wouldn't pay us.

I used to think about the days when I could take off my overalls and wash up, knowing I'd get so much at the end of the week. And I'd get kind of homesick.

But I didn't say anything to Henry until one night when he hung up the telephone and turned around grinning.

"We're going to paint the Logan house out in Chevy Chase," he said.

I'd been trying to figure out a letter that wouldn't insult a man who owed us \$50. I had to think what he was talking about.

"Logan house? Oh, the last one we painted for the old Boss?"

"The same. I remembered that they always did that over every year, so I gave them a ring. Told them we were the same fellows who always did the job for the old Boss."

"What are we charging them?"

"Four hundred and a quarter. Same as they paid the old Boss."

There was a pencil and paper in front of me and I started to figure.

"Do you remember what the materials cost for that job, Henry?"

"Hundred and a quarter."

"Remember what the old Boss paid us?"

"Forty-eight dollars a week, each, for two weeks. Let's see, that's one ninety-two."

"One ninety-two and one twenty-five, that's \$317," I said.

"Right."

I was still figuring.

"Henry," I said, "what does it cost us to keep the office, pay the clerk and telephone and light and heat and run the truck and keep this business going for two weeks?"

"About \$65," Henry said.

"And workmen's compensation on the job will be around \$12. That's \$77. Adding that to cost of materials and labor makes \$394. Forgetting about depreciation, that leaves us \$31 or \$15.50 a piece for finding the job, worrying about getting it done and taking a chance of not getting paid. It's not worth it."

"What do you mean, it's not worth it?"

I waved my hand at the office clock.

"It's 9:30, Henry, and we're still working."

"We're working for ourselves, aren't we?"

"Maybe so, but it seems to me we're working for a clerk, and a couple of journeyman and a landlord and some paint dealers—and they all get more out of it than we do."

"You're crazy," Henry said.

"I don't think so. They say crazy people are happy. And I'm not happy."

"For the love of Mike! Why not?"

Prefers to be a worker

"YOU wouldn't understand, I guess. But I want to get out."

"You're not sore at me, are you?"

"No, it's not that. It's just that I'm not cut out to be a boss, I suppose. I'd rather have a pay check I'm sure of than to have to worry about a profit I might not get. I don't like taking risks."

"Somebody's got to take the risks."

"I guess that's right, but it doesn't have to be me. I can go back and work for the old Boss. Or I'll work for you, if you'll hire me."

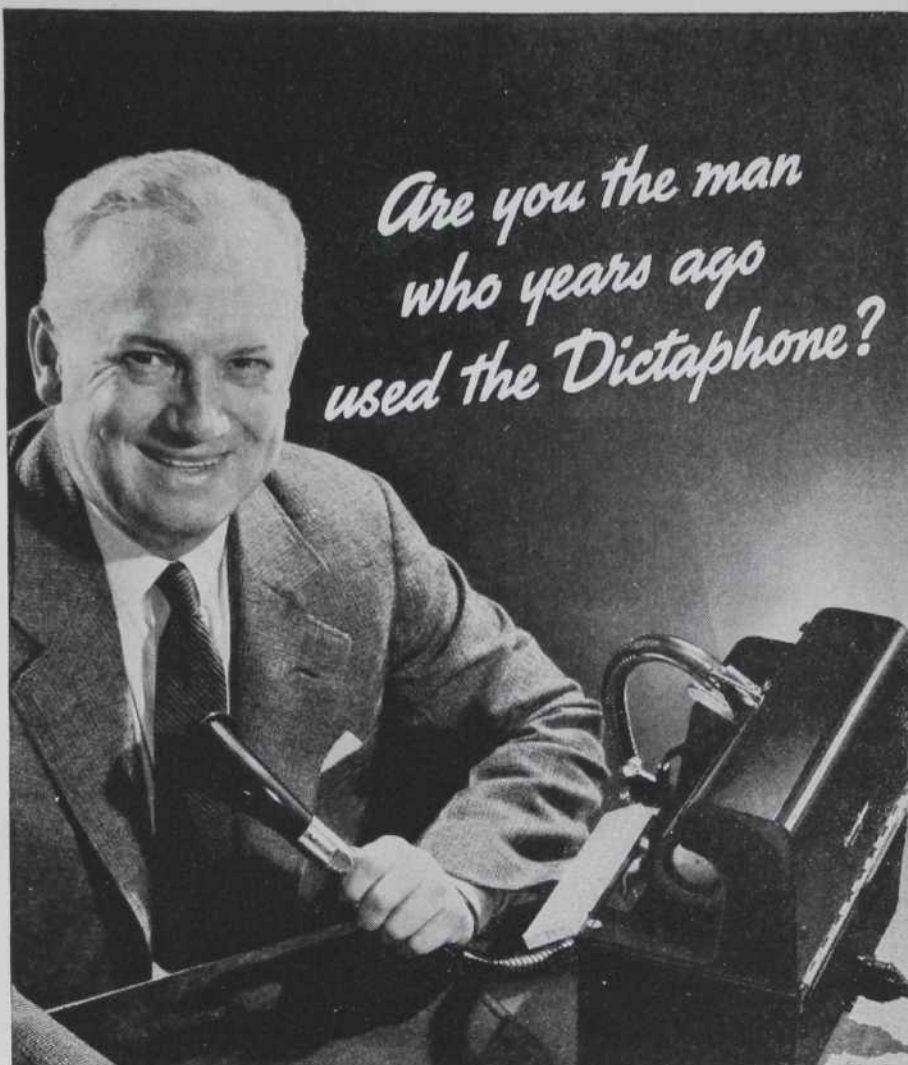
"But what about the outfit?"

"I'll give you my half of the outfit and be glad to get rid of it."

"Don't be silly."

We were still arguing at daylight.

EDITOR'S NOTE: So Jim chooses to forego the vicissitudes and possible rewards of management, and work for wages. Henry sticks to the idea and finally makes a go of it by using the corporate method. His adventures in this field will be narrated by Mr. McCrea in an early number.



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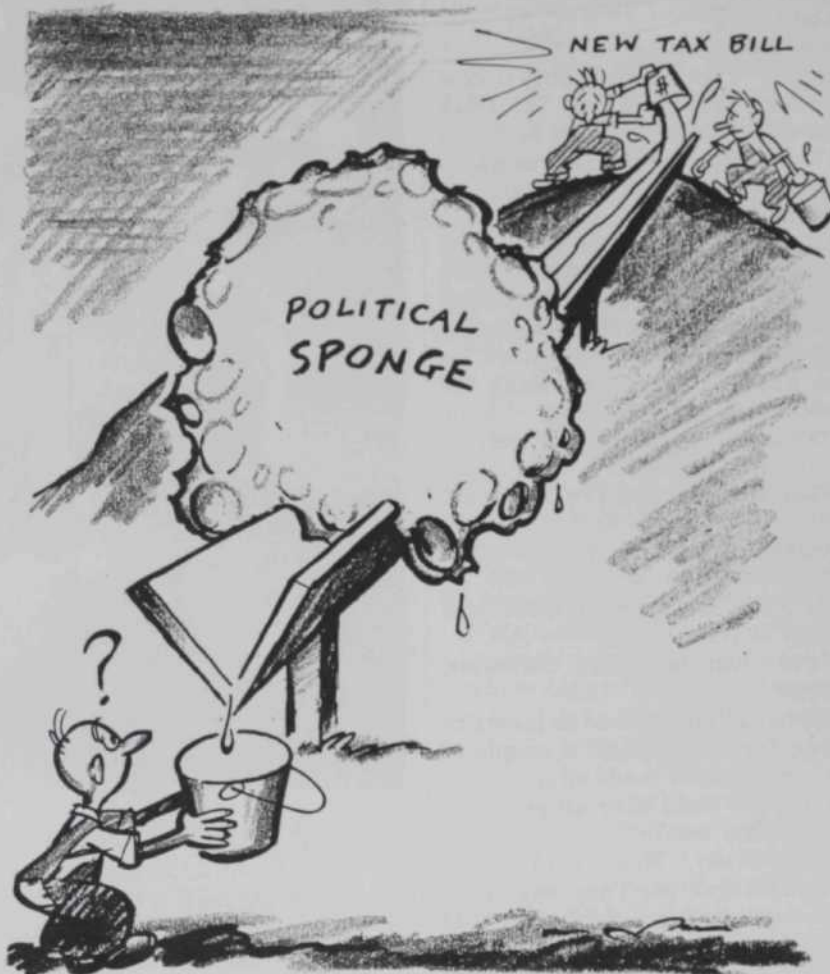
"WHAT WORKERS WANT TO KNOW"

an article from the September Nation's Business has been reprinted in booklet form suitable for distribution in letters, pay envelopes, etc. For sale at one cent a copy plus postage. Write to:

NATION'S BUSINESS

WASHINGTON · D. C.

Distribution of Wealth



CHARLES DUNN

THE futility of trying to take money away from one group and distributing it among the "poor" is plain. It never reaches the poor. Few pennies get by bureaucracy.

The tax bill passed by Congress increases surtaxes on all incomes above \$50,000, starting at 31 per cent and reaching 75 per cent on incomes exceeding \$5,000,000.

And the whole added revenue from surtaxes will only be \$45,000,000—the AAA spends much more than that in a month. FERA spends three times that a month.

The whole amount to be raised by this newest tax bill is estimated at \$270,000,000, and that estimate, like most government guesses, is probably high. That sum wouldn't meet the \$300,000,000 which Secretary Ickes, in his recent book, says got into an appropriation bill by mistake.

The real trouble is that dollars taken away from one group for distribution to the poor reach the

poor in the form of pennies, and not many of them at that. The quarters and dimes are required for the expenses of a bureaucracy which grows larger and larger year by year.

In the welter of discussion on Capitol Hill involving taxation, in which too often the note of reprisal and punishment appears, rather than the need for revenue, it is well to ponder the words of a former Congressman, Abraham Lincoln, of Illinois, who said:

There should be no war upon property, or the owners of property. Property is the fruit of labor; property is desirable; is a positive good in the world. That some should be rich shows that others may become rich, and hence, is just encouragement to industry and enterprise. Let not him who is houseless pull down the house of another, but let him labor diligently and build one for himself, thus by example assuring that his own shall be safe from violence when built.



Your Business can be *Orphaned* too!

● Prudent business men carry fire insurance as a matter of course on their buildings, equipment and stocks. And yet if there are 3 partners, aged 50, there are 23 chances that one of them will die within the next 24 hours to one chance of fire.

This may mean an "orphaned" business—whether it's a one-man concern, partnership or corporation.

There is a time-tested way, however, to keep your business from ever being "orphaned"—

The assets of the Northwestern Mutual, as reported to state insurance departments, now total a billion dollars—a great estate administered for the mutual welfare and protection of more than 600,000 policyholders with over three and a half billions of insurance in force.

Northwestern Mutual Business Insurance. It provides funds at your death—or at the death of any of your associates—with which, under previous agreements, complete ownership or control can be purchased by the survivors. For the one-man concern, cash is available with which to carry on until the business can be sold at a fair price.

This same insurance also serves to build cash reserves, which are available in an emergency without publicity. It bolsters and protects credit.

The greatest asset any enterprise possesses—efficient management—is perishable. Prevent your business from ever being "orphaned" by owning *Business Insurance* in the 77-year-old Northwestern Mutual. Mail coupon for company booklet.

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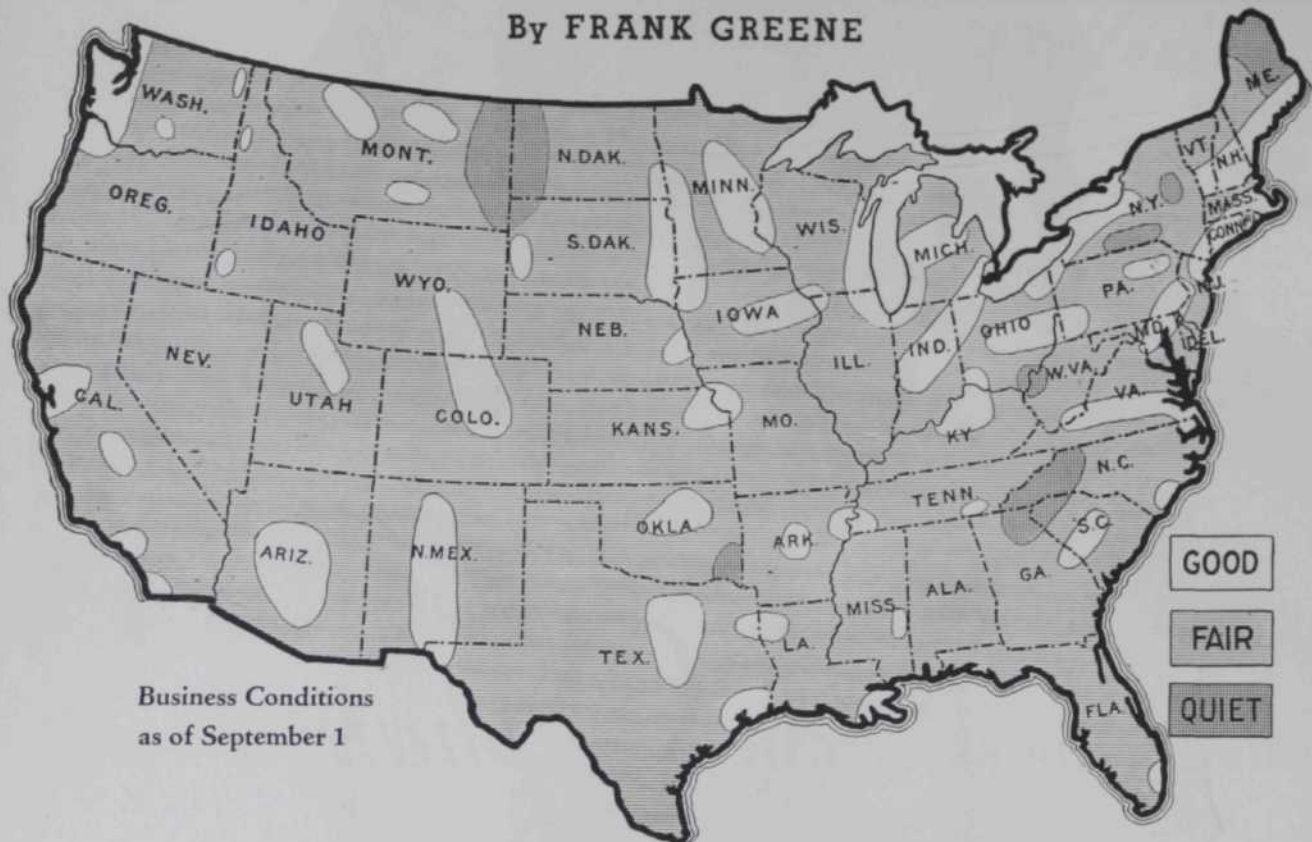
Age

N. M. 10-35



The Map of the Nation's Business

By FRANK GREENE

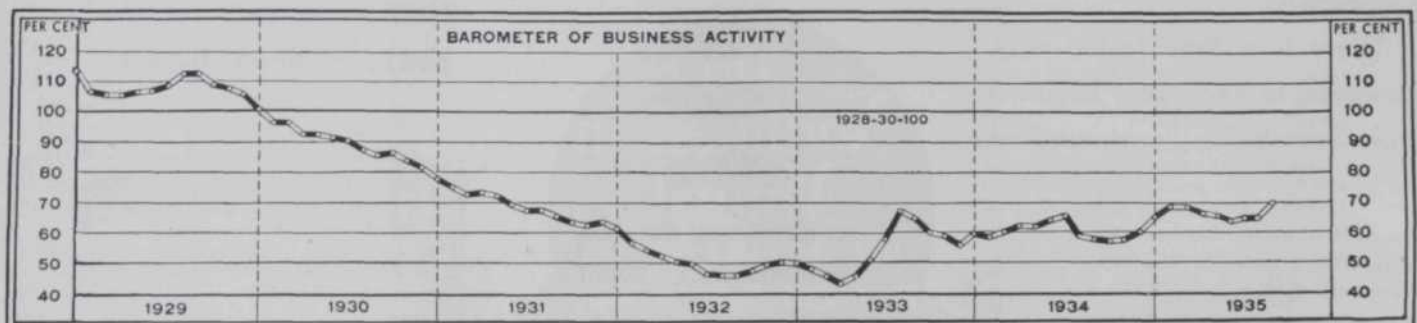


AUGUST saw notable gains over a year ago in distributive trade and manufacturing. Steel output bettered the pace set in July, more than doubling the August, 1934, percentage of capacity at work. Machine tool and agricultural implement factories were active. Automobile manufacturing slackened while model changes were considered. Furniture production exceeded last year. Building activity helped the lumber industry. Carloadings gained over a year ago. Electric power output exceeded all but two peak records.

Grain prospects faded slightly. Scarcity of hard wheat caused a rise in northwestern markets and induced some shipments from Canada. Soft wheat, corn and oats went lower. One estimate of combined crops of wheat, corn, oats, and barley was one-sixth below the five-year average 1928-1932, but 60 per cent above 1934. Corn and oats promise 12 per cent less than the five-year average but 40 per cent more than last year.

Cotton declined sharply on price fixing uncertainties.

The exceptional activity in the summer of 1935 has brightened the Map considerably



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

Led by steel, every factor in the Business Barometer moved upward in August. The chart line is at the highest level since May, 1931

"CAMELS DON'T GET YOUR WIND"

FAMOUS ATHLETES AGREE



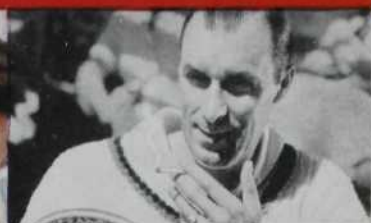
SLUGGER. Lou Gehrig says: "For steady smoking I pick Camels. They never get my wind or my nerves. Those costly tobaccos sure show up in Camel's mildness and flavor."



TRACK STAR. James Bausch reports: "Camels are so mild they don't get my wind or cut down my endurance. And Camel is a better-tasting cigarette; always rich and mellow."



DIVER. Harold ("Dutch") Smith says: "After a meet, a Camel restores my energy. And what's equally important to me — Camels never affect my endurance or interfere with my wind."



TENNIS ACE. Bill Tilden: "I must keep in 'condition.' I smoke Camels, the mild cigarette. They don't get my wind or upset my nerves. And I never tire of their smooth, rich taste."



STAR WOMAN GOLFER. "There's a certain delicacy in the flavor of Camels that appeals to women," says Helen Hicks. "And Camels do not affect my nerves or my wind, either."



GOLF CHAMPION. Gene Sarazen says: "Playing as much as I do, I *have* to keep in 'condition.' I smoke Camels. They are so mild they never get my wind — never upset my nerves."

JANE FAUNTZ, Olympic Swimming and Diving Star. "Since I started smoking, I have always smoked Camels," says Miss Fauntz. "They do not get my wind or jangle my nerves." Other champions agree as to the mildness of Camels...their fragrance and flavor...their good taste. Athletes say Camels don't fray their nerves or get their wind.

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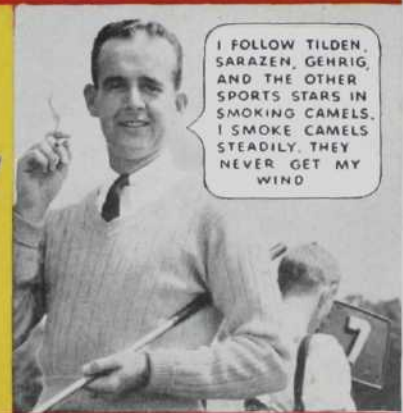


FAMOUS ATHLETES APPROVE CAMELS. SO THEY MUST HAVE REAL MILDNESS. THEY ARE GENTLE TO MY THROAT, AND WHEN I'M TIRED I GET A 'LIFT' WITH A CAMEL!

Camels are made from finer, MORE EXPENSIVE TOBACCOS — Turkish and Domestic — than any other popular brand.

(Signed) R. J. REYNOLDS
TOBACCO COMPANY
Winston-Salem, N. C.

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R. J. Reynolds Tob. Co.



I FOLLOW TILDEN, SARAZEN, GEHRIG, AND THE OTHER SPORTS STARS IN SMOKING CAMELS. I SMOKE CAMELS STEADILY. THEY NEVER GET MY WIND

HOMEMAKER — Mrs. J. B. Feeley

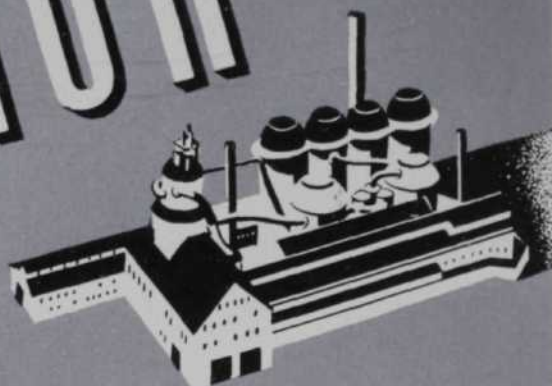
COSTLIER TOBACCOS!

REPORTER — Dick Hungerford

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Little flakes of metal, hardly larger than a pin point, provide industry the most durable protection for its capital investment in plants and structures.

What is more, these flakes provide the means of attaining longer lasting reflectivity on the walls and ceilings of factory interiors.

Let us go back to the beginning — to fundamentals. Nature made Aluminum highly resistant to corrosion. We make large pieces of Aluminum into tiny flakes, and polish them in the process. Each little flake is a solid piece of metal that is highly resistant to corrosion, and is a reflector as well.

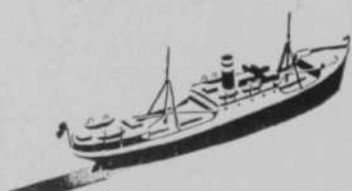
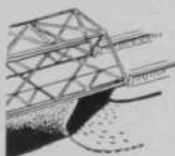
Disperse these through a properly compounded vehicle. Brush or spray them over the surface to be protected. As you do it, the tiny flakes leaf together to form a veritable coat of metal

protection. That is Aluminum Paint.

It "covers" dark surfaces as no other paint. It repels the destructive action of sunlight. It resists penetration of moisture and the corrosive attacks of fume-laden atmospheres. Its protection lasts and lasts. The high reflectivity of Aluminum Paint is likewise long-lived.

Capital investment gets durable protection; production gets the benefit of better lighting when industry makes use of these fundamentals of Aluminum.

We do not make paint. We do make the shining flakes which leading paint manufacturers combine with their own good vehicles. They make the extra protection of Aluminum Paint available at no extra cost. ALUMINUM COMPANY OF AMERICA, 1825 Gulf Building, Pittsburgh, Pa.



forward via fundamentals



Entire islands are given over to pineapples, yielding 20 tons to the acre and monopolizing the world market of this fruit in tins

Looking to the West

By PHILIP J. FAY

Vice President, Western Division U. S. Chamber of Commerce

WHY the Western Division of the Chamber of Commerce of the United States will hold its twelfth annual meeting in Hawaii

THE Western Division of the Chamber of Commerce of the United States will go to Hawaii for its twelfth annual meeting, November 27 to 30. Events have so shaped themselves that the look to the west is of constantly increasing importance and many matters calling for discussion may be more clearly visualized if the meeting is held in the territory which is the actual western boundary of this country.

The program will include many subjects of trans-Pacific significance. The merchant marine will be discussed, as will be the possible influence of trans-Pacific air lines on foreign trade, the industrial and military importance of Hawaii, the western view of government, new style banking, American fundamentals, political versus economic taxation, economic education, recovery. The Pacific Trade Council will join with representatives of the Chamber in these discussions.

Visiting representatives of the Chamber will need to begin their

orientation by realizing that Hawaii is as much a part of the United States as is Long Island or Catalina.

These islands are assuming an unusual importance. Long recognized as the defensive outpost of the nation to the west, they came into their own when the recent session of Congress provided appropriations necessary to make them the strongest military post that any nation has ever maintained. Pearl Harbor, already the nation's strongest naval base, is now to be made practically impregnable.

Schofield Barracks already boasts the largest army command under the flag. But most important of all is the formidable air force that will be concentrated here when the new flying field is completed.

One of the major aerial accomplishments of the year has been the conquest of the Pacific by airplane. Hawaii has played a major part in that. It commands the airlines of a hemisphere as Gibraltar watches over the Mediterranean.

Serious-minded visitors will be surprised to discover that Hawaii is industrially as dynamic as Detroit. Its chief industries are agricultural—sugar and pineapples. Last summer a 300 acre canefield in Maui yielded 17½ tons of sugar an acre—the heaviest yield of human food ever recorded from any soil. Entire islands

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INSULATION
YOU NEED
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HOMES



PLANTS



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~~1928...\$5.00 a gallon~~
~~1932...\$4.45 a gallon~~
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TODAY you can get EVEREADY PRESTONE

the guaranteed anti-freeze

at a still
 lower price

only \$**2**⁷⁰
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The lowest price ever for Eveready Prestone, made possible by the biggest volume of sales in its history last winter.

One shot of Eveready Prestone, the guaranteed anti-freeze, will protect against freeze-up and rust all winter long. It won't boil off. It has no odor. Put it in now and get the freeze-up problem settled for the season.

SPECIAL OFFER . . . A "Weather Wheel" which will help you to forecast the weather. Also "Weather as a Hobby"—a 48-page illustrated book, prepared by weather experts. Full of fascinating weather facts. Send 10c (stamps or coin) to National Carbon Co., Inc., P. O. Box 600-E, Grand Central Station, New York, N. Y.



are given over to pineapples, monopolizing the world market of this fruit in tins.

Hawaiian trade, based on these two products, totals \$200,000,000 a year, and, except for a few incidentals imported from the Orient, all of it is with the mainland of the United States. Only six major nations—United Kingdom, Canada, Japan, Germany, France and Italy—buy more goods from continental United States than does Hawaii. Her purchases exceed those of Russia, China, Argentina, Brazil, Mexico or Cuba and Hawaiian trade is carried in American bottoms.

Although the shipping to handle this business and such accessories as banking accommodations to facilitate it, center in Honolulu, the members of the Western Division of the Chamber of Commerce of the United States represent interests that absorb practically all of the wealth produced in this island territory.

Hawaii's contribution to the federal treasury reveals its importance. Hawaii pays in more money than does any one of 16 states. Its importance is further shown by the fact that Congress held hearings last winter on the proposal to admit it as the forty-ninth state and a subcommittee of ten members will precede the Chamber's delegation a few weeks to study the advisability of this action.

But, withal, Hawaii retains many of the charms that are peculiar to it. A native band plays for each arriving and departing ship and the ceremony of the lei is encountered no

place else. Exotic flowering trees and shrubs have been gathered here from all the tropical world. The temperature is nearly always in the seventies with the trade wind blowing. Life is out of doors. All its aspects are strictly American for the racial groups of the islands are rearing their second and third generations nurtured in American schools.

Scenically, Hawaii offers many adventures. Only half a dozen miles out of Honolulu is a mountain top that was once a volcano rim with perpendicular cliffs against which beat tropical rains to breed exotic jungle gardens. At one point three waterfalls may be seen to leap over cliffs, fall half way down, be caught in the gales of the canyons and appear to fall back again toward the mountain top.

On Maui visitors may drive by a road but recently completed to the top of Haleakala to look into the vault of the largest volcanic crater (now extinct) in the world.

The "Big Island" at the end of the chain—the size of Connecticut—is seething with volcanic action, and unrolls a panorama of strange scenes along the 400 mile road that runs around it.

The visitor traverses the Kona Coast, most perfect of South Sea fairylands. He views native Hawaiian villages, coffee farms, cattle ranches that climb the sides of the highest island mountain in the world, sugar plantations that transport millions of tons of their output every year by no other means than water flumes.

A New Record for Safety

CHARLES R. WILDER, Vice President, Liberty Mutual Insurance Company of Boston, recently presented two bronze plaques to the Tomlinson Chair Manufacturing Company of High Point, N. C., to commemorate the achievement of two million man hours of operation without a lost-time accident. The period rewarded actually ended last spring. At present the company has more than 2,200,000 man hours to its credit.

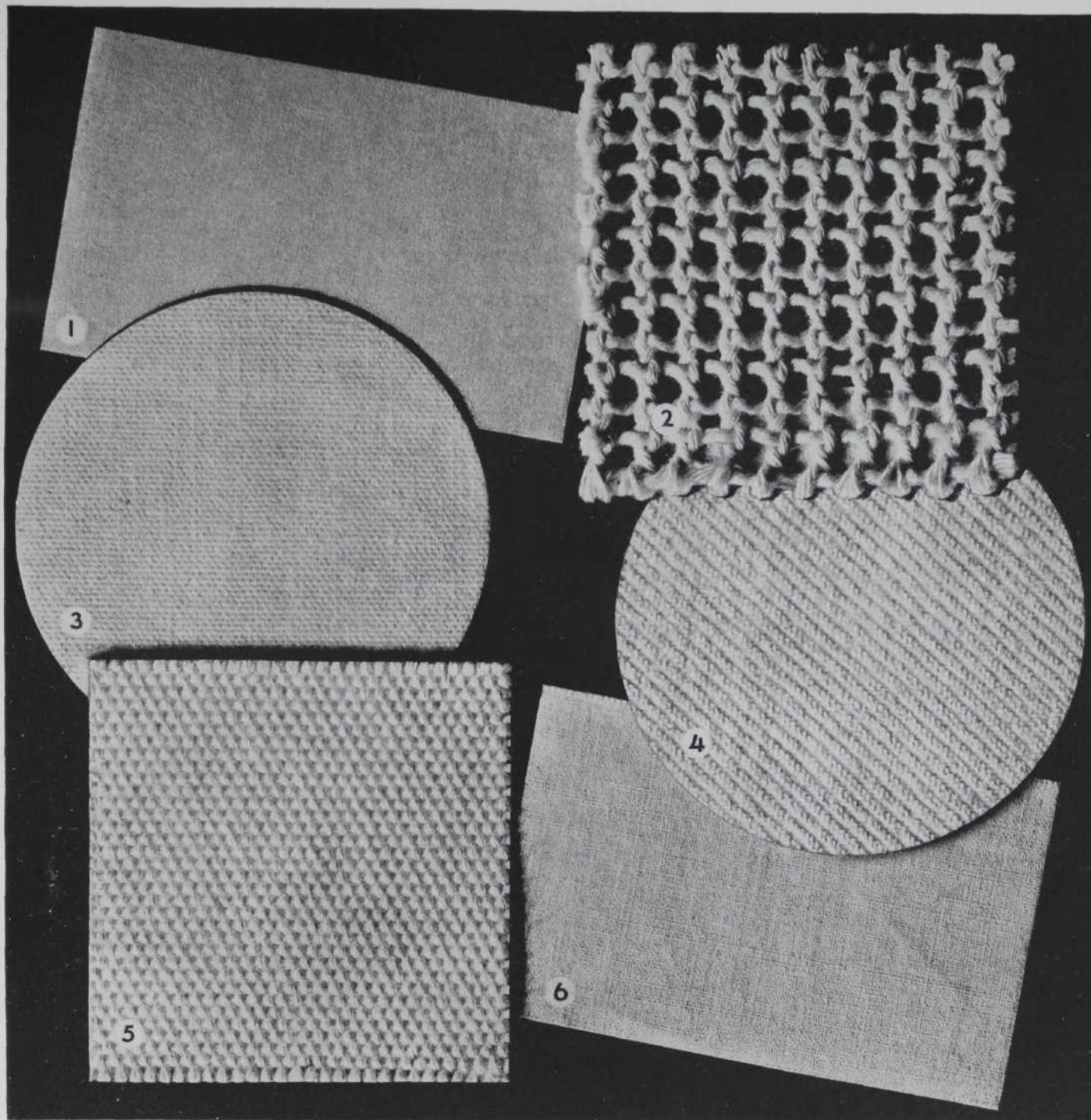
This achievement was made possible through the efforts of a safety council of 74 men in key points of the works. These men have monthly meetings at which all suggestions for safety are brought up, discussed and finally worked out. The safety council, besides educating the older employees to safe methods, takes special care to point out to new men the safety work of the plant, the special safety features of the machine they

are to work, and danger points to be avoided.

C. F. Tomlinson, company treasurer, points out that he is particularly proud of this record because the company employs more than 500 men and they use much high-speed machinery.

The National Safety Council assigns first place for safety to the Western Clock Company, LaSalle, Illinois, with a record of 11,114,600 man hours without a lost-time accident. Second place is given to E. I. du Pont de Nemours & Company rayon plant at Old Hickory, Tenn., for 9,116,634 man hours. Third is United Shoe Machinery Corporation, Beverly, Mass., with 8,472,248.

In the wood-working business Tomlinson leads. Second is the wood shops of the Western Electric Company with 1,529,656 man hours. And third is General Electric Company (pattern shop), Lynn, Mass., 917,150.



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5. OCEANIC Numbered Duck (Filtration, rubber products, tarpaulins, etc.)
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United States Steel Corporation Subsidiary

Just What Are Unfair Practices?

(Continued from page 34)

and developed on a national scale through successive measures designed by Congress to deal with the changing situation. There was the Interstate Commerce Act of 1887 forbidding unjust discrimination and unreasonable preferences among persons, localities or kinds of traffic by railways. The Elkins Act of 1903 and the Mann-Elkins Act of 1910 supplemented the 1887 legislation.

There was the Sherman Antitrust Act of 1890, which, although aimed primarily at monopolies, came also to cover, through court interpretations, certain unfair methods of competition by dominant concerns and combinations.

There was the Bureau of Corporations, organized in 1903 and active until 1914. While the Bureau's function was only that of an investigating body, the publicity it gave to the results of its investigations is credited with discouraging unfair practices by concerns which came within its purview.

Finally there were the Clayton and Federal Trade Commission Acts of 1914. The Clayton Act, among its other provisions, declared unlawful discriminations in price, save those based on differences in quality or quantity, and certain exclusive dealer agreements or so-called "tying" contracts. The Federal Trade Commission Act, creating the body which gave it its name, placed enforcement of these provisions in the hands of the FTC and pronounced unfair methods of competition unlawful.

Attacking unfair methods

TO MAKE possible a determination of what constituted unfair methods of competition in particular cases (quoting again from the Schechter decision):

... Congress set up a special procedure. A Commission, a quasi-judicial body, was created. Provision was made for formal complaint, for notice and hearing, for appropriate findings of fact supported by adequate evidence, and for judicial review to give assurance that the action of the Commission is taken within its statutory authority.

So much for the second stage of government dealings with unfair competitive practices.

The third stage was ushered in with the National Recovery Administration codes. As is well known, the National Industrial Recovery Act, building on foundations laid through trade association activities and the Federal Trade Commission trade practice conferences, brought indus-

tries together to ascertain majority sentiment as to what constituted fair (and, conversely, unfair) methods of competition. These having been summed up in the "codes of fair competition" the Government was to lend its might to their enforcement or prohibition.

But the "fair competition" of the NRA codes, and the "unfair" competition which violation implied, had—again in the words of the Supreme Court—"a much broader range and a new significance." The codes introduced "new and controlling prohibitions." As Mr. Justice Cardozo in his concurring opinion pointed out in the case of the poultry code, it did not "confine itself to the suppression of methods of competition that would be classified as unfair according to accepted business standards or accepted norms of ethics." It set up "a comprehensive body of rules to promote the welfare of the industry, if not the welfare of the nation, without reference to standards, ethical or commercial, that could be known or predicted in advance of its adoption." It ordained, for example, that purchasers of poultry for resale should accept the "run of the coop." Thus selective buying was proscribed as an unfair practice, though as Mr. Justice Cardozo pointed out, this was "an established practice, not unethical or oppressive."

Similar criticisms doubtless would apply to specific provisions of the other 600 odd "codes of fair competition" which were adopted during the frenzied days of NRA.

With the downfall of the original NRA codes last May and the passage in June of the joint resolution for the extension of certain provisions allowing voluntary agreements until April 1 next, the current governmental policy with respect to unfair competition was ushered in. Briefly, it embraces continuance of the Federal Trade Commission and exemption from the antitrust laws of trade agreements approved by the President, insofar as they relate to labor relations and competitive practices that are already unlawful.

While Government has been proceeding against unfair competition through these channels, what has private business been doing? The story deserves greater space than can be given here. The chief agency through which private business has worked has been the trade association. While such organizations in their more modern aspects had their inception as early as Civil War Days—the Writing Paper Associa-

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Selling — *real* selling — is helping the dealer sell. But you can't put your own men back of every retail counter. So *merchandising* must do the job.

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tion, formed in 1861; the Silk Association of America, Inc., organized in 1872, and others—it was not until about 1911 and after that the matter of unfair competition became one of their primary concerns.

In that period, many associations promulgated codes of business ethics, setting forth in general and idealistic terms members' ideas as to what should constitute fair business practices. Organization of trade associations, and concurrently efforts to combat unfair competition, were greatly stimulated during and after the World War as a result of intra-industry organization and cooperation under the War Industries Board.

It was also during the period beginning about 1911 that Rotary and other "service" clubs, with their emphasis on codes of ethics, came into flourishing being. Likewise at about this time the Truth-in-Advertising Movement started. Launched by the Associated Advertising Clubs of the World, it was the forerunner of the National Better Business Bureau and of independent bureaus now organized in half a hundred cities. Both the national and local bureaus still hold to the objective of the original movement as regards national and local advertising, and the independent bureaus especially work also to police selling.

A further step toward elimination of unfair competition was taken by the International Chamber of Commerce in 1920 when it urged creation of a bureau by each national organization to study questions relating to such competition. Again, in 1924, the Chamber of Commerce of the United States adopted "Principles of Business Conduct," to which numerous trade associations and business corporations subsequently subscribed.

Cooperation of private business and Government in suppression of unfair methods has been carried on chiefly through the Federal Trade Commission's trade practice conferences or, as they were originally styled, trade practice submittals.

The thought underlying these conferences was to be well summed up later by Mr. Justice Cardozo in these words, "When the task that is set before one is that of cleaning house, it is prudent as well as usual to take counsel of the dwellers."

Procedure for conferences were established in 1919 and at last report from the Federal Trade Commission approximately 150 industries had adopted trade practice rules as a result of such conferences, rules of approximately 100 industries had been approved by the Commission and placed in effect, and more than 170 other industries were negotiating for the writing of trade agree-

ments or the holding of conferences.

Industry takes the initiative both in calling these conferences and writing the rules of fair competition it desires. After the conference the adopted rules are reported to the Federal Trade Commission by that body's director of trade practice conferences together with his recommendations concerning them.

The Federal Trade Commission then approves or disapproves the industry's proposed rules and classifies them as Group I or Group II rules. They are then sent to a committee of the industry, and, if accepted by this committee, they are sent to every member of the industry together with forms providing for individual acceptance.

Thereafter violations of Group I rules are handled by the Commission through the same procedure it employs in any other case coming under Section 5 of the Act.

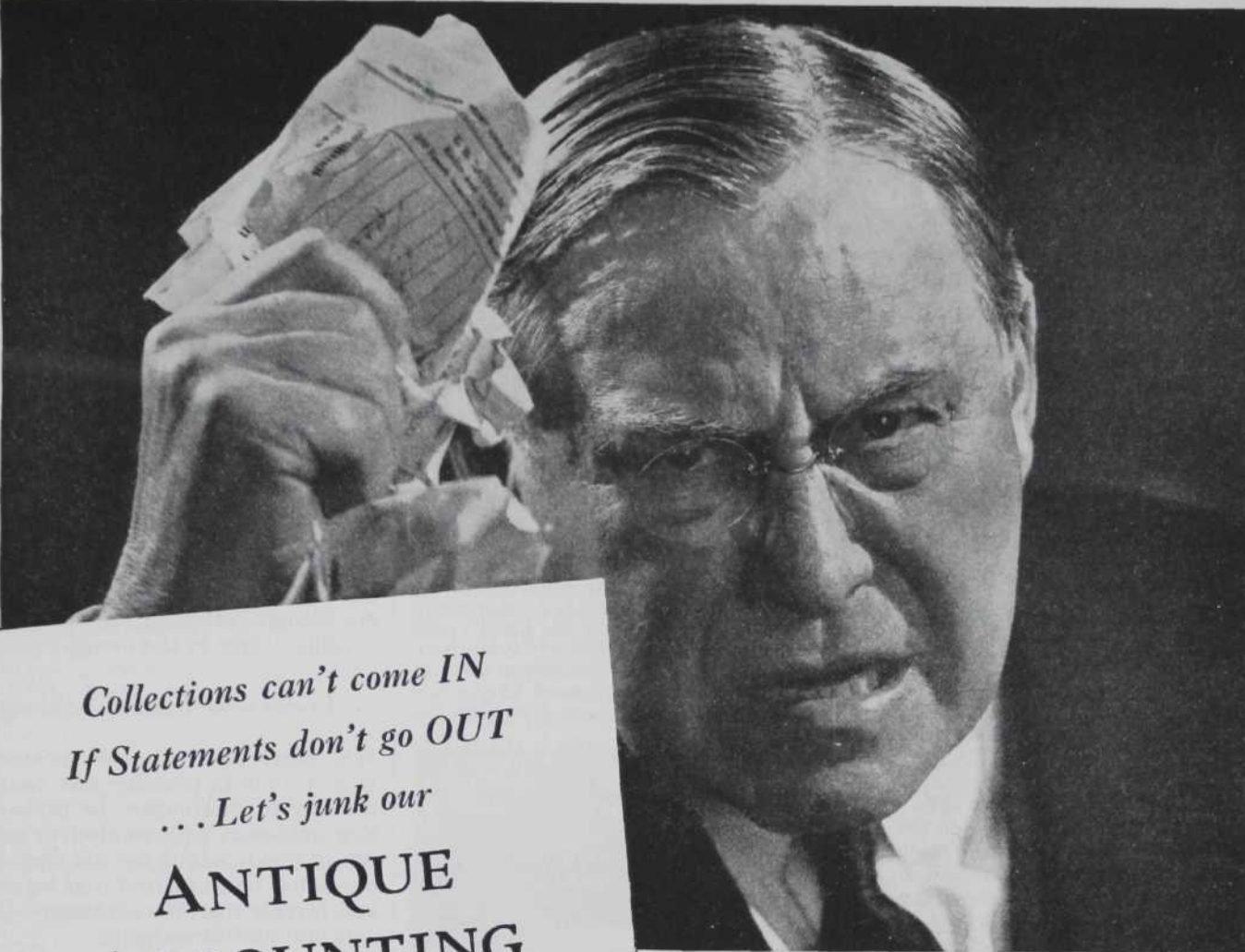
Publicity is kept down

IDENTITY of the complainant against an alleged rule violator is not revealed, nor is any publicity accorded the case unless it is carried to the point of a stipulation (under which the offender admits the violation and agrees to cease and desist from it) or issuance of a formal complaint by the Federal Trade Commission. In the latter event the case goes to trial, the full Commission hearing the final arguments and sustaining or dismissing the complaint. If sustained, a cease and desist order follows and if this order is disobeyed the Federal Trade Commission may apply to a United States circuit court of appeals for enforcement. The respondent likewise may petition such a court for review of the order. The court may affirm, modify or set aside the Commission's order, and either the Federal Trade Commission or the respondent may carry the proceedings to the Supreme Court.

From this review of governmental and business agencies and organizations which aim to eliminate unfair competition there would appear to be no lack of machinery to combat such competition wherever and in whatever form it appears.

Yet, while these various agencies have done much to minimize the evil, each has its limitations. Those of the old common law have already been pointed out. The courts have considerably circumscribed the powers and activities of the Federal Trade Commission, though it must be said that the courts have also laid down many new lines along which the Federal Trade Commission presumably may legally proceed.

That the Federal Trade Commis-



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BAGGAGE MUST BE SMASHED!—Railroads prefer Edison-powered baggage trucks because they stay on the job and so do their work more economically. Alkaline Batteries are practically immune to sudden failure—they suffer no "acid" ills.



Prices were hard to hold up

WE may, and did, rule price-cutting an unfair practice and heavily penalize it, whereupon the price-cutting salesman who wanted to sell a bill of goods might bet his customer one dollar or a hundred that he could spit farther than the customer—then spit first and forcefully.

The limitations of trade associations and similar business organizations which rely on voluntary abstention of member firms from unfair methods of competition are likewise rooted in enforcement, or rather, the lack of it. In these limitations, however, perhaps may lie the very strength of such organizations. A substantial bulk of opinion against any given practice must exist before it can be placed on the unfair list—which fact of itself practically insures that the practice is uneconomic and against the best interest of the industry itself as well as of its individual members.

Individual businesses feel constrained to abstain from such practices for the simple reason that they do not pay.

There is, of course, "the recalcitrant ten per cent" of which we have heard much, but even these are open to pocketbook arguments, and experience has shown that education, persuasion and logic can reduce noncompliance materially if not actually eliminate it. Other methods have also been developed to obtain voluntary compliance. Procedure for hearing and settling controversies concerning unfair competitive practices and other matters among member firms has been established by some 137 trade associations. Some of the "ar-



TOIL WITH TEA—Jewel Tea Co. moves 275 tons of merchandise daily in its new Barrington, Ill., plant...gives its industrial trucks a busy time. Tie-ups due to battery-failure would be costly; therefore the dependability of the Edison Alkaline Battery is economical. Edison Storage Battery Division of Thomas A. Edison, Inc., W. Orange, N. J.



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bitration courts" which the various industries have thus set up are empowered to assess liquidated damages for violation of the industry's established rules.

The case of the long-established Silk Association of America, Inc., or as it is now known, the National Federation of Textiles, Inc., shows how effectively they can function. "More than \$950,000 was involved in cases settled by arbitration and by friendly agreement outside of arbitration in the past year, instead of resorting to the courts," this organization says in its last report. "Out of 132 cases submitted for arbitration, only one case was taken to the courts to enforce arbitration...."

Industries which embrace buyers and sellers and which are beset by the returned goods evil have in some instances kept tab on returns with the result that the practice has been discouraged. A number of industries have achieved a degree of stabilization through dissemination of data relating to prices and production, information upon which member firms voluntarily may govern their own actions.

Further illustrations of the effectiveness of voluntary cooperation have been plentiful both during the NRA and post-NRA periods. A substantial proportion of NRA code compliance—one estimate puts it as high as 90 per cent—was obtained voluntarily. And when the Supreme Court dealt the death blow to the Blue Eagle, industry after industry came forward to pledge voluntary and continued adherence to wage and other provisions of those codes. Within a few weeks of the Schechter decision, for example, a questionnaire by the Trade Association Executives in New York revealed that more than a third of the industries questioned were drafting voluntary agreements to replace the codes.

Economic penalties are strong

THERE have been and will be individual cases of violation of these pledges, but so likewise have there been violations of common law and FTC standards of fair competition. Legal penalties attach to the latter; economic penalties in the form of loss of business and profits and so on attach to the former. In the long run the economic penalties may be as swift, as sure and even more severe than the legal.

And while much has been said about ability of the "recalcitrant 10 per cent" to upset an industry's voluntary efforts to end uneconomic and unfair practices, there is a growing question as to whether this is true. The volume of business of the so-



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THE Libbey-Owens-Ford Glass Company have had many years of experience with Monroe equipment. One of the first users of Monroe Adding-Calculators in Toledo, they are also using Monroe Listing Machines. Monroe speed, flexibility, and 'Velvet Touch' ease of action all combine to give them efficient, low-cost figure work.

The service of Monroe-owned branches means much to Libbey-Owens-Ford. They use Monroe machines in all their factories as well as at Toledo, and Monroe service assures them of

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There is a 'Velvet Touch' Monroe for every kind of business figuring, from the world-famous Adding-Calculator to the Multiple Register Bookkeeper. Every Monroe is a compact, desk-size machine—precision-built for years of economical figuring.

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called recalcitrants in many industries is often negligible as compared with that of the industry as a whole. If the great majorities in these industries can summon the courage to ignore the assaults of the minorities upon fair standards, it is argued, instead of trembling and stampeding like elephants before mice, they will find that the generally accepted idea that the cheaters can control an industry is fallacious.

Industry's recent experience with government participation and enforcement—real or pretended—in the writing and executing of codes of fair competition has exposed difficulties which have caused many business men to believe that action against such practices strictly by and of industry itself would be vastly more practicable.

The Chamber of Commerce of the United States expressed something of this thought in a resolution at its last annual meeting which cited the advancement of fair competition as one of the achievements of trade associations and added:

The benefits which have accrued from such cooperative work have been due in part to the flexibility, the voluntary character, and the freedom from special forms of government control.

In similar vein the Millers National Federation recently stated through its publication:

All except one or two of the many millers with whom we have talked are strongly opposed to having any trade rule program worked out in connection with any governmental agency. It is pretty generally recognized that the heavy hand of the Government paralyzed the trade rules provided in the [NRA] code and prevented them from functioning as they should, and we now sense practically a unanimous opposition to cooperating further with the Government in this field.

Quoting further:

One development, which we feel is a healthy one, is that many millers favor starting with a very limited program. . . . On the other hand, we find a few who think the industry can put a whole list of trade rules in effect at once. Quite a few other industries are working along similar lines. In some cases their code organizations were revamped. . . . In other instances they are working out a trade rule program with the Federal Trade Commission, but many units object to that procedure. In still other industries, the idea is to develop a trade rule program by the industry itself and put the program into effect without governmental assistance.

It has been amply demonstrated that the long arm of the law is not long enough to bar "twilight zone" practices. It has likewise been amply demonstrated that when men in a given industry can meet together around a table, agree upon and pledge one another to abstain from such unfair practices a long step has been taken toward their abolition.

Now It's Potatoes—

A NEW issue has appeared on the agricultural horizon.

Its name is potato control.

With only one hour for debate allowed in the House and less than that period required by the Senate, a weary Congress perfunctorily approved drastic provisions for regulating the growth and marketing of potatoes through enactment of public 320, thereby amending the existing AAA legislation. Possibly 3,000,000 growers will be affected.

Supporters of the provisions found their reasons in the words of one of the sponsors, Senator Bailey of North Carolina. "Farmers have continually been driven from cotton, tobacco, and peanut production, and have gone into the production of potatoes. . . . We cannot afford to limit the number of farmers producing cotton, tobacco and peanuts and drive them all over into the potato field. This is the argument for the amendment."

As announced by the AAA, the "adjustment program" for potatoes includes provisions for a tax, parity price, allotments, packaging, refunds, imports and exports, and penalties.

In effect, the Secretary of Agriculture is directed to levy a tax on the first sale of potatoes harvested after December 1, 1935, to be paid by the seller at the rate of three quarters of a cent a pound. As most states have established the weight of a bushel of potatoes at 60 pounds, the tax would amount to 45 cents a bushel. Taking into account that the New York price for "whites" varied from \$1.20 a 100 pounds in July 1934, to 71 cents in June 1935, or from a little more than one cent a pound to 7/10 of a cent, the possibilities of consuming price with tax become readily apparent. The tax will not apply to potatoes for export.

Should the tax rate affect the market adversely, depress prices, or cause an excessive shift to consumption of other commodities, it is reducible. Decision as to whether the tax should be continued rests with the growers, the act requiring, after the first allotment year, a favorable majority vote. Voting is to take place at least 30 days before the beginning of the new allotment year.

Exemptions, the AAA explains, are to be established for distribution among growers to an amount equivalent to their tax exempt sales allotment. On sales exceeding this exempt allotment, the tax is to be paid through the purchase of stamps from

Lower Manhattan Commerce Center

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A tax exempt national allotment for each year is to be ascertained by the Secretary of Agriculture in order to establish "prices near parity without reducing the total net income to producers below their largest probable net income for that year, and without creating competitive disadvantages."

Base period for calculating the parity price includes the period from August, 1919, to July, 1929. The national allotment will be apportioned among states according to a formula based on their percentage of the national production in the four years of highest acreage and yields from 1927 to 1934, inclusive, with a possible two per cent of the allotment to be used in adjusting discrepancies between states.

Apportioned by sales

NINETY-FIVE per cent of the state allotment is to be apportioned among old producers, that is, among farms on which potatoes have been grown in any year from 1932 to 1934. Apportionment is to be based on production and sales in one or more selected years during this period. The remaining five per cent of the state allotment is available for apportioning to new producers. After the first year, new producers get their apportionment from the 95 per cent.

Tax exemption stamps are to be issued to each producer for the amount of his allotment. That is, the tax will actually be paid only by those who do not cooperate in the program and therefore do not receive an allotment, and by cooperators for whatever they sell over their allotment. The stamps are to be valid during a marketing period determined for each producing region.

They may be transferred or assigned, and they are exempt from claims of creditors. Interests of share-tenants and share-croppers are to be protected.

To facilitate collections of the tax, all potatoes are to be packaged in accordance with rules and regulations of the Commissioner of Internal Revenue and the Secretary of the Treasury, and stamps affixed to the package. Packaging may be delayed for potatoes to be stored or graded.

Necessary rules and regulations as to tax stamps and tax-exemption stamps will be prescribed and published by the Commissioner of Internal Revenue and the Secretary of the Treasury. The Secretary of Agriculture is authorized to make regulations necessary to carry out the powers the amendment gives him. Producers, warehousemen, handlers, and

the like may be requested to give information, make returns and keep records as required, under a maximum penalty of a \$1,000 fine or imprisonment for one year or both.

A time limit of one year is set on the filing of claims for refund of taxes.

A suit for refund can be brought only if a claim is first filed with the Commissioner of Internal Revenue, and then not until six months after the filing of the claim (unless the Commissioner renders a decision in the meanwhile), nor more than two years after filing. A sum equal to the proceeds of taxes is appropriated, and advances may be made from the Treasury.

Potatoes destined for use in low-value products, or as feed for live stock, may be exempted from taxation and from the requirements for packaging.

Among the penal provisions, it is declared that "anyone who knowingly sells, offers for sale, buys, or offers to buy potatoes not packaged, or packaged potatoes without tax-exemption or tax stamps, is subject to a maximum fine of \$1,000, with a year's imprisonment added for a second offense.

"Speculation in tax-exemption stamps, or obtaining stamps by fraud or coercion, is punishable by a \$1,000 maximum fine or one year in prison." Stamps on an emptied package must be destroyed by the person possessing the package.

Violations to be punished

A MAXIMUM \$1,000 fine or six months' imprisonment is authorized for: 1. any violation; 2. failure to pay a tax when due; 3. making, forging, ordering, or counterfeiting stamps with intent to defraud; 4. using, selling or possessing any forged or counterfeited stamps, or plates or dies therefor; 5. possessing any stamp that should have been destroyed; 6. making, using, selling, or possessing any paper in imitation of the paper or other substance used in the manufacture of stamps; 7. reusing any stamp required to be destroyed; 8. placing potatoes in a used stamped package without destroying the stamps; 9. giving away, accepting, selling, or buying a used stamped package without destroying the stamps; 10. making a false statement in an application for tax-exemption stamps; 11. possessing any stamps obtained illegally.

A fine of \$200 is provided for violation of any regulation for which there is no special penalty. Taxes on potatoes sold without the proper stamps shall be assessed, on proper proof, within two years after sale.

Cast Iron Pipe
still serving Chicago
was laid before there
was a bridge across
the Mississippi...

The first bridge across the Mississippi River was completed in January 1855 at Minneapolis.



Water Works Improvements Are Sound Relief Projects

1. Water supply improvements constructed with cast iron pipe are self-liquidating.
2. Approximately 75% of the cost of manufacturing, distributing and installing cast iron pipe, including raw materials, goes directly to workmen.
3. Manufacturing and installing one mile of 6-inch cast iron pipe gives approximately 1000 man-days of employment.
4. For every 100 tons of cast iron pipe manufactured, the railroads handle approximately 1000 tons of raw materials.

NO wonder Chicago's more than 3600 miles of water mains are cast iron pipe! Almost all of her original cast iron water line laid in 1851 is still in service. Sections not now in use were abandoned owing to changes incident to a growing metropolis. The pipe shown was recently uncovered and found in good condition after more than 80 years of continuous service.

In evaluating bids, engineers rate the useful life of cast iron pipe at 100 years, far beyond that of any other pipe practicable for underground mains. The long life of cast iron pipe is attested to by mains still in use here and abroad after one, two and nearly three centuries of service. Cast iron has long been the standard material for water and gas mains.

Cast iron pipe costs less per service year and least to maintain because of its effective resistance to rust. It is the one ferrous metal pipe for water and gas mains, and for sewer construction, that will not disintegrate from rust.

Your community has an exceptional opportunity to modernize, enlarge or extend its present water distribution system, or build new supply lines, at costs and financial terms that may never be so favorable again.

For further information, address The Cast Iron Pipe Research Association, Thos. F. Wolfe, Research Engineer, 1014 Peoples Gas Building, Chicago, Ill.

CAST IRON PIPE

METHODS OF EVALUATING BIDS NOW IN USE BY ENGINEERS



TRADEMARK REG.

RATE THE USEFUL LIFE OF CAST IRON PIPE AT 100 YEARS



"Not for \$100"

Not one man—dozens write or tell us they wouldn't sell their Schick Shavers for \$100 if they couldn't replace them. The sheer joy of shaving with **No Blades** and **No Lather** is thrill enough. But the real enthusiasm comes from getting a quick, clean shave with not the slightest chance of cutting nor scraping.

GET A DEMONSTRATION. Any of our dealers will show you how it works. If none is near you, send \$15 to Dept. N.

SCHICK DRY SHAVES, INC., STAMFORD, CONN. Western Distributors: Edises, Inc., San Francisco. In Canada, Henry Birks & Sons, Ltd., and other leading stores. (Canadian price, \$16.50.)

SCHICK

SHAVES

Operates on
AC or DC



AUTOMOBILE COMPASS



Have you ever taken the wrong road and driven many miles before discovering your mistake? This new AIRPLANE TYPE COMPASS constantly tells you direction of travel. Sticks to windshield. Size 1 7/8" diameter. ONLY \$1.95 POSTPAID, including Compensator. SATISFACTION GUARANTEED.

If your dealer cannot supply you, order direct.

HULL MFG. CO., Box 246-N, Warren, Ohio

BIRD'S-EYE VIEWS DRAWN



Your Plant or Property can be drawn to make a most attractive showing for your advertising, no matter what its size, appearance or location. Write for proofs and estimate.

WALTER A. WEISNER STUDIO Chicago, Ill.
332 S. Michigan Ave.

The cost of advertising in NATION'S BUSINESS is surprisingly low!

Showmanship and Shoppers

(Continued from page 24)

five minute call, a school room at semester exams. The newspaper essence predominates though the black coffee is absent, and the personnel director would object to hats being kept on the back of the head during business hours.

What happens when a copywriter gets at the heart of a line of chintz? He finds glamour by the square yard—butterfly motifs are symbolical of the Chinese cupid, peach trees signify happy marriage, the dragon fly typifies summer and romance. He finds the soul in a pair of men's shoes: "Hides from Contented Calves Mean Contented Dogs. Our shoe experts know leather, almost what the calf ate last, whether he got all his vitamins every day. A calf's eating habits make for shoe happiness or unhappiness. Consult our Shoe Bureau."

Even prosaic things like notions can stage an entertaining performance. One campaign revolved around the touching story of Young Bobby Pin who went walking with Miss Scissors on his arm. It seems she kept him on pins and needles, but once she had the "hooks on him," deliberately cut him dead. It sold notions.

The hilarious is varied by the phil-anthropical or educational. Customers' children present a marionette show of puppets made in the playroom; a light school instructs in proper illumination; 1,000 orphans are given an outing; we learn about button-making, the kind of stockings the belle of 1880 wore, and modern hospital maternity care (Mother's Day tie-up).

Science is dramatized in the careful labeling which predicts, almost to the day, the lifetime of a sheet, rug, shirt or preserving kettle. Though the mystery may be taken out of buying in knowing ahead of time that a dress won't shrink or fade, the element of suspense is replaced by friendly loyalty.

Art, too, has been reduced to cash register talk. Almost four years ago, L. S. Janes, of Sears Roebuck, created his high visibility windows—so simple and easy to comprehend that a passing motorist may drive by and get the complete message be-

tween wheel revolutions. They're equipped with live power, quick giveaway.

Display World, the magazine, thinks that Malcolm J. B. Tennent of Meier and Frank, Portland, Ore., and Arthur V. Fraser of Marshall Field & Co., Chicago, can do more with the most unexpected materials than almost any other display men in America. They take such things as neonized ground glass rafts, glass building bricks, wooden figures carved in the store's studios and create buying impulse. Mr. Tennent even has a real inland lake in one window with which he gets watery effects.

The bevy of beauties on a store's main floor don't get there by gravity. The personnel department is really a casting bureau, selecting people by weight, height, complexion, pulse rate, profile, voice and teeth. An elevator department chief, besides having a good head for mechanics, must possess a Ziegfeldian sense of blonde proportions.

Keeping costumes in shape

THERE'S even a wardrobe mistress. She keeps the uniforms of elevator and information girls in condition,



Beauties behind the counters aren't there by accident. The personnel department is a casting bureau

sees that by curtain time the Martha Washington costumes worn by the sales people down in the spool cotton department are crisp and fresh, that the Chinese regalia is ready for the waitresses in the restaurant the day they serve chow mein.

Is it possible to explain adequately a retail publicity magician? Here's an attempt. Most successful ones are as temperamental as prima donnas,

capable of vast enthusiasms, slightly Irish or Jewish, have children, collect seed or poultry catalogs, delight in proving by statistics what they already know by instinct, have no hobbies because they have no spare time, plan piously to retire to the simple life sometime (which they never do), and are the only class of husbands who listen breathlessly each evening when the Little Woman at Home pours out her housekeeping problems (it would cost them hundreds of dollars to get the same suggestions through a retail research bureau).

A recent survey made during peak shopping hours and peak theatrical hours showed that it took ten times as much lineage to get one-half as many people down to the stores as to the theaters.

But with dramatic merchandising in momentum, it won't be long before tourists will visit the stores first, and the monuments afterwards. If there aren't rolling chairs for customers, other comfortable shopping devices will be on hand—air-conditioning, sound-proofing, soothing illumination, appropriate perfume and music, facilities for intelligent buying, consultation services.

It will be a common occurrence for a store to be obliged to hang out a "standing room only" sign. It may even be necessary to charge admission.

That's happy vending, happy spending.

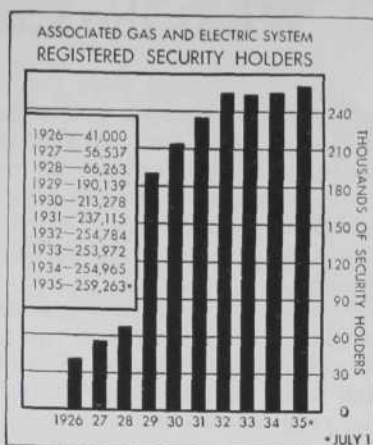
Tape Measures For Yardsticks

WHO will regulate the regulators is a question as old as politics. Something of novelty edges the report that New York's Legislative Committee to Investigate Public Utilities, created to take the measure of private companies, is preparing to look into the conduct of publicly-owned plants as well.

Counsel for the committee has promised an inquiry into the accounting methods, financial set-ups and operating efficiency of some of the publicly-owned companies. According to Dr. Robert C. Gilles, committee statistician, rates in some of the municipal plants are arbitrarily high.

"The one outstanding result of this whole investigation," Dr. Gilles said, "is the entirely unnecessary disparity in rates charged by the municipal plants. There simply can't be, generally speaking, any difference in fundamental conditions to justify such variations in rates."

A riddle in higher mathematics and in practical politics!



During the first six months of 1935 the number of owners of registered securities of the Associated System grew from 254,965 to 259,263, a gain of 4,298.

Associated security holders are found in every State, in seven United States possessions, and in 37 foreign countries and their dependencies. There are 90,962 in New York State alone.

BANKS, CHURCHES, COLLEGES INVEST

The number of institutions and fiduciaries holding Associated investments is 10,340:



Associated Gas & Electric System

4,298 MORE INVESTORS in ASSOCIATED SYSTEM

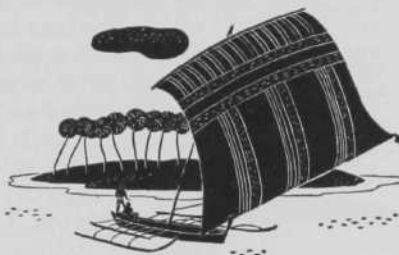
Banks and trust companies	916
Investment trusts	335
Investment funds	1,580
Schools and colleges	116
Churches	170
Fraternal and benevolent organizations	486
Insurance companies	142
Fiduciaries	
Individuals	5,641
Institutions	954

The great mass of all these Associated security holders are people of average means, clerks, laborers, salesmen, teachers, professional people. More than 120,000 are customers living in areas served by operating companies of the Associated System.

CRUISE AS YOU CHOOSE

Round the World

FOR JUST \$854 FIRST CLASS



Visit 21 ports in Cuba, Panama, California, Hawaii, the Orient, Malaya, India, Egypt, Italy and France. Take 104 days to two full years. Stop over anywhere, make sidetrips; continue when you please. World-famous President Liners, with every stateroom outside, outdoor pool . . . sail weekly from New York, Los Angeles and San Francisco via the Sunshine Route. See your own Travel Agent, or write us at 604 Fifth Ave., New York, 110 S. Dearborn St., Chicago, or 311 California St., San Francisco. Offices in other principal cities.

NEW YORK-CALIFORNIA \$150 • LOWEST FIRST CLASS FARE

DOLLAR Steamship Lines

They'll have to live!

If the man who works for you dies, his family will still need a livelihood.

GROUP INSURANCE

furnishes ready means in the most sure and orderly way yet devised.

To Employers:
Get our suggestions.



THE PRUDENTIAL
INSURANCE COMPANY
OF AMERICA

EDWARD D. DUFFIELD, President
HOME OFFICE: NEWARK, N. J.

Supply the BRITISH and EMPIRE MARKETS

from a branch factory in

LANCASHIRE

BRITAIN'S LEADING
INDUSTRIAL CENTRE

Interested American Concerns are cordially
invited to communicate in confidence with:
J. BENNETT STOREY, General Manager,

THE LANCASHIRE INDUSTRIAL
DEVELOPMENT COUNCIL

Ship Canal House, King Street
Manchester 2.

or the Travel and Industrial Development
Association of Great Britain & Ireland, 1,
Pall Mall East, London, S.W.1, 28 Avenue
des Champs Elysées, Paris and British Em-
pire Building, Rockefeller Center, New York.



MADE BY THE MAKERS OF

Drinkless
KAYWOODIE

PROVED THE BEST SMOKING PIPE IN THE WORLD
KAUFMANN BROS. & BONDY, INC., NEW YORK, N. Y.

What the Constitution Means

(Continued from page 18)

Executive and Congress within those limits prescribed for them by the Constitution is taken away, our written guarantee of personal liberties would become mere "scraps of paper" to be tossed aside at the whim of President or Congress.

To amend the Constitution so as to transfer from the states to the general government control of affairs which from time immemorial and by their very nature are primarily of local concern, is to mark the beginning of the end of that nation which consists of "an indestructible union of indestructible states." In every tyranny that has ever existed, a central authority has regulated through bureaucrats the daily lives of the people of a vast domain. Senator Borah recently well said in referring to "the governing of 130,000,000 people from Washington in all the affairs of daily life from the farmer's wife marketing her chickens to the discretion of the husbandman in his planting and sowing," these things "are done by thousands of bureaucratic ascaridae who glory in the display of arbitrary power. In such delegated powers are hatched those ravenous insects as fatal to the liberty of the citizen as the locusts to the field of the toiler."

Creating more bureaucracy

SINCE Senator Borah uttered these sentiments, Congress passed a law containing 15,400 words and providing that, if a farmer raises more potatoes than he is told to, he is penalized by a tax of 45 cents a bushel on the extra bushels. If he sells any of his potatoes in a package different than the law prescribes or without a stamp, or if a person buys potatoes not packaged and stamped as the law prescribes, both buyer and seller can be fined and sent to jail. However, that the spirit of liberty as exhibited at the Boston Tea Party is not yet entirely extinct in this country is evidenced by some resolutions adopted by farmers in Hunterdon County, N. J., within ten days after this law was passed, reading in part:

We, the undersigned men and women, American citizens, living on our own land in West Amwell Township, Hunterdon County, N. J., conscious of our American heritage and determined to preserve it, hereby solemnly resolve:

That we protest against and declare that we will not be bound by the "Potato Control Law," an unconstitutional measure recently enacted by the United States Congress. We shall produce on our own land such potatoes as we may wish to produce and will dispose of them

in such manner as we may deem proper.

The framers of our Constitution took the utmost precautions against any attempted establishment of a bureaucracy. They not only limited the power of the general government to matters of general concern but they expressly declared that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively or to the people."

Chief Justice Marshall considered the constitutional division of powers between the federal union and the states as the distinguishing feature of this Republic. He said in *McCulloch v. Maryland*:

No political dreamer was ever wild enough to think of breaking down the lines which separate the states and compounding the American people into one common mass.

Jefferson in his letter to James Madison in 1786 insisted that in the new union then proposed to be formed there should be "the proper division of powers between the general and particular governments" and the states should be "kept distinct in domestic matters."

Lord Brougham said of the American Union:

The devising means for keeping the Union's integrity as a federacy while the rights and powers of the individual states are maintained entire, is the very greatest refinement in social policy to which any age has ever given birth.

To transfer to the central Government power to regulate matters which are primarily for "home rule" is to throw our entire mechanism of government out of balance. A proper balancing of units is as essential to the successful working of government as it is to the successful working of a piece of machinery or of the solar system. Sir Henry Maine says:

The powers and disabilities attached to the United States and to the several states by the Federal Constitution and placed under the protection of deliberately contrived securities have determined the whole course of American history. That history began in a condition of society produced by war and revolution which might have condemned the Great Republic to a fate not unlike that of her disorderly sisters in South America. The provisions of the American Constitution have acted on her like those dikes which strike the eye of the traveler, controlling the course of a mighty river beginning in mountain torrents and turning it into an equable waterway.

Americans should beware of any leader who attempts to tamper with the "dikes," for when the dikes are disturbed, the floods come.

A "strong central government" is

TO THE EXECUTIVE WHO REQUIRES MORE INFORMATION IN GREATER DETAIL



EXECUTIVES who require more detailed information in less time should investigate the great advantages now offered by International Electric Accounting and Tabulating Machines. Here is an accounting method which is keyed to modern demands. It is based upon automatic machine operation by means of punched tabulating cards.

You request, for example, a report on sales in a specific territory. At the rate of four hundred cards per minute the cards are automatically sorted to that territory number. A machine tabulation then provides a complete printed report.

Perhaps your statements of earnings have a habit of being late. Under the International Electric Accounting Method, preparation of the earnings statement and balance sheet may be speeded up days and even weeks.

Don't wait until tomorrow for the facts you need today. Let us demonstrate how the International

Electric Accounting Method can be applied to your business now. Complete information on request.

A Complete Inventory Service

Any business, regardless of size, can apply the accuracy and speed of the International Electric Accounting Method to its inventory procedure. Detailed, accurate analyses of your complete material investment may be obtained from a permanent installation of International Electric Accounting and Tabulating Machines or by employing the International Business Machine Service Bureau. Branches of this Bureau are located in all principal cities.

International Business Machines include International Electric Accounting and Tabulating Machines, International Time Recorders and Electric Time Systems, International Central Control Radio Music and Speech Equipment, International Industrial Scales, International Electric Writing Machines and the new Proof Machine for Banks.

INTERNATIONAL BUSINESS MACHINES CORPORATION

GENERAL OFFICES:
270 BROADWAY, NEW YORK, N. Y.



BRANCH OFFICES IN
ALL PRINCIPAL CITIES OF THE WORLD



THE FAR EAST IS NEARER *by Empress!*

The *Empress* fleet comprises the largest, fastest liners on the Pacific. But so much more! *Empress* travel gives you all the luxuries and comforts of your favorite club . . . real spacious rooms, sports, dances . . . and cuisine that's a byword on two continents.

DIRECT TO YOKOHAMA . . . 10 days . . . shortest, fastest crossing to the Orient. *Empress of Asia* or *Empress of Russia*.

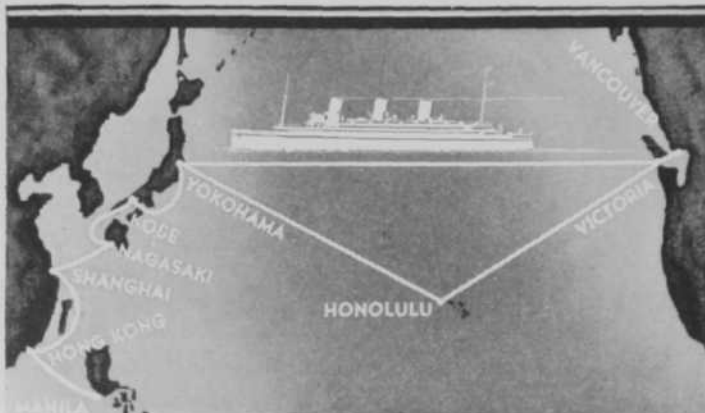
BY WAY OF HAWAII . . . Take 3 days more and see glamorous Honolulu. Sail on the *Empress of Japan* or *Empress of Canada*.

Frequent sailings from Vancouver (trains to ship-side) and Victoria in Canada's Evergreen Playground to Yokohama, Kobe, Nagasaki, Shanghai, Hong Kong, and Manila. If you sail from Los Angeles or San Francisco, connect with an *Empress* at Honolulu. Orient fares include passage to and from Seattle. Low all-year round-trip fares . . . First and Tourist Class. Low-cost Third Class. Also all-expense personally-conducted tours.

PLAN YOUR OWN WORLD TOUR . . . A variety of routes. Go on one ticket good for 2 years. Very low rates. Inclusive-cost tours.

MAPS • BOOKLETS • RATES . . . From YOUR TRAVEL AGENT or Canadian Pacific: New York, Chicago, San Francisco, Washington, Montreal, and 32 other cities in the U. S. and Canada.

Canadian Pacific
SPANS THE WORLD



always an instrument of despotism. Though Russia is officially a "Union of Republics," its government is in fact one man's will. Lenin said that "there might be any number of parties in Russia, provided that the Communist Party were in power and the members of all other parties in jail."

In Germany on July 14, 1933, a decree was promulgated that "there shall be only one political party in Germany"—the National Socialist Party. No Czar's power ever surpassed Stalin's; no Kaiser's power ever equalled Hitler's. Under Czars human lives and property were at least fairly secure. Under Kaisers they were secure. Today the autocrats of each of those countries are limited by no constitution and the people are protected by none. Those who would fundamentally alter here the division of federal governmental power between the executive, the legislature, and the judiciary, or the balance of powers between the Union and the 48 states, are headed toward the absolutism of a totalitarian state.

Tyrants seek good publicity

THE technique of those in authority who constantly clutch more power has seldom changed. Anyone who has acquired absolute power has been a good "salesman" of himself. He has professed great zeal for "social justice" and held himself out as a healer of economic ills. If he sought control of a people's religion, he piously declared such control necessary for their souls' salvation. If he took private property for public use without just compensation, he averred that it was for the ultimate good of him despoiled.

No tyrant in all history ever suppressed free speech or a free press or sacrificed human lives by wholesale or appropriated to himself private property by the millions without offering the excuse that in doing so he was the "savior of the State." Last year when a European dictator felt it necessary to explain why in a single day he had done to death, with the merest mockery of a trial, 200 human beings, he declared,

If someone asks me why we did not invoke an ordinary court to deal with these men, I can only tell him: In this hour I was responsible for the fate of the nation, therefore the Supreme Court of the people during these 24 hours consisted of myself.

Napoleon III was a good "salesman." Elected President of France in 1848 he continually plotted for power and popular support. He had many press agents on the public payroll. By December 2, 1851, he had so adroitly placed his friends in strategic positions and so won public favor

that he carried out his *coup d'état* and was proclaimed Emperor. The Encyclopædia Britannica, 14th edition, says of him:

By various measures such as subsidies, charitable gifts and foundations he endeavored to show that the idea of improving the lot of those who suffer and struggle against the difficulties of life was constantly present in his mind. His was the government of cheap bread, great public works and holidays.

His grandiose schemes brought ruin to his country. The disastrous Franco-Prussian War, followed by the Paris Commune, was the fruit of his lust for power.

Democracy descends to a dictatorship with ease. There is never any tarrying at some half-way place. When Thomas Jefferson, John P. Curran and others said: "Eternal vigilance is the price of liberty," they were not indulging in mere rhetoric. What we are indifferent to we lose. Material from which despotism may be engendered is especially abundant in times of economic stress. Depressions breed discontent and discontent begets emotions, the heat of which is incompatible with cool, clear thinking.

People in distress overestimate the omniscience of legislators and the omnipotence of legislation—in other words, they confuse Government with God. Kings lost their popularity and sometimes their thrones when crops failed. As epidemics sweep the land, quacks multiply. When industry is prostrate, demagogues flourish.

When people find life's burdens heavy, and long for political "messiahs," there are always those who come forward, assume a prophet's pose, claim to be divinely qualified, and begin to talk about establishing "a new social order." Each proclaims his possession of legislative "keys" to the longed-for paradise of plenty, and the idea is popularized that government is something to live not *under* but *on*. With the counterfeit coin of especially glittering promises, some "magician" acquires the place of a statesman. He carefully avoids being called "dictator" for his ambition is not for title but for power. In South and Central America a dictator always retains his title of "President." As mere "window dressing" the forms of free government serve him well. He has no objection to congress meeting as long as it registers the presidential will.

There is nothing so intoxicating as the wine of power. Somewhere in most human brains lurks that cave-man inheritance, the spirit of intolerance. The strong drink of unrestrained power quickens this intolerant spirit into activity, as witness the scholarly Danton and the once tender-hearted Robespierre turned into terrorists



EWING GALLOWAY

... ON BEING WISE

Today, wise manufacturers, business men, property owners and individuals seek the certain protection of casualty insurance and fidelity and surety bonds against the ever-present hazard of financial loss. • It is the height of wisdom to specify that your insurance and bonds be placed in the Standard of Detroit, already the staunch protector of more than a million people. Standard's traditional reputation for prompt, fair settlements has been earned during 51 years of service, through payment of more than \$140,000,000 in claims. • Consult any of Standard's 6500 representatives throughout America on casualty and bonding needs. The Standard agent is an able insurance advisor, ready to provide competent counsel or service.

Automobile Insurance • Personal Accident and Sickness • Burglary and Holdup • Plate Glass
Breakage • Liability (all forms) • Workmen's Compensation • Fidelity and Surety Bonds (all forms)

STANDARD
ACCIDENT INSURANCE COMPANY
DETROIT



RIO in 13 days ... and FURNESS makes it seem faster

It's a long voyage—yet it seems all too short. Thanks to the Furness way of running a ship and entertaining passengers, the time flies!

Time flies on a "Prince" liner because your quarters are so comfortable . . . because your English-trained steward takes such knowing care of you . . . because your meals are so inviting . . . because British officers and crew feel responsible for you.

The four "Princes," brilliant motorships built recently, offer the speediest schedule to the modern world of the East Coast, with its rich capitals—Rio de Janeiro, Santos, Montevideo, and Buenos Aires. They provide nothing but First Class accommodations, with Furness traditions of service and seamanship.

FURNESS *Prince* **LINE**
to
SOUTH AMERICA

Sailings every fortnight from New York, with call at Trinidad on return voyage. Reservations and literature at authorized tourist agents or FURNESS PRINCE LINE, 34 Whitehall St., (where Broadway begins) or 634 Fifth Ave., New York City.

by the intoxication of dictatorship. Arbitrary power always marks the end of liberalism—and true liberalism is civilization's finest fruitage.

Where liberalism prevails every human being possesses all the personal freedom which is consistent with the well-being of others, and there is a free press and freedom of speech and of assemblage and an utter absence of racial and religious bigotry and intolerance. The liberal regards law as the servant of justice and believes a sense of fair play to be one of the highest attributes of man. He can conceive of no master benign enough to make slavery attractive. He would confine government within the ambit of its legitimate authority for he knows that the progress of the race has been marked by the expulsion of government from spheres of life where for centuries it was only an oppressive intruder.

Even in so-called "free governments"—those based on popular suffrage and majority rule—the most intolerable tyranny has resulted from attempted regulation of individual conduct in fields where government does not belong and where it cannot efficiently function.

The surrender of the liberty Americans have enjoyed since Independence was won and the Constitution adopted would be a big price to pay for even certain economic security. It is too high a price to pay for a promise. For 150 years Americans have had a higher degree of economic

security than any other people. They achieved this under a system which did not discourage industry and did not encourage indolence. Their achievements were due to no dictator but to their own individual efforts. They belonged to a breed whose fiber was never feeble. Americans will continue to achieve the highest degree of economic security attainable by human beings only by reliance on those un-amendable virile qualities which made their fathers great.

The tyranny of an aggressive minority or of an unrestrained majority has always been more merciless and cruel than the tyranny of a king. The very group a man belongs to may turn and rend him. Charles I did not exact as large a toll of lives and liberties as did the mob-spirited Convention which ruled France by assassination and summarily executed scores of its own leaders and members during the "Terror." Excited masses are destructive and self-destructive. The nation itself must be wisely and well organized to protect rights, and that is exactly what the American people in convention assembled did when, under the leadership of Washington and Madison and Hamilton, they organized this nation according to the plans and specifications of the Constitution they ordained.

Fortunate is our nation with its constitutional safeguards of individual rights and an independent Supreme Court to maintain them.

Coming in November

★ ★ ★

The Strangulation of Trade . . .

By Sterling E. Edmunds
Of the St. Louis Bar

WE are adopting the arrogance and stupidity of Old World governments in strait-jacketing that free enterprise which has made life on the American plan the envy of the rest of the world.

Render Unto Caesar . . . By S. Wells Utley

President, The Detroit Steel Casting Company

AN open letter to the church by a business man—and a church officer—who finds himself shocked by new and strange economic doctrines put forward by the organized clergy.

The Star Chamber Lives Again . . . By Fred Smith

CONGRESSIONAL investigating committees ignore the citizen's constitutional rights of "freedom from unreasonable search and seizure," "speedy and public trial by impartial jury," "information as to accusation," "right to be confronted by witnesses," "assistance of counsel," "right to call his own witnesses."

Trial Balance—A Short Story . . .

By Samuel Hopkins Adams

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Which Way Did Congress Head?

(Continued from page 22)

creates income taxes on individual incomes of more than \$50,000. The levy on excess profits is not only questionable in itself, but full of possible evil in opening the way to a sharper attack on profits in the future.

What of the third charge—the increase of bureaucracy? The best answer is a list of new government regulatory bodies created by the Congress:

Soil Conservation Service
National Labor Relations Board
National Bituminous Coal Commission
Consumers' Counsel (under the Coal Act)
Bituminous Coal Labor Board
Federal Alcohol Administration
Social Security Board
Railroad Retirement Board
Investigation Commission (under the rail retirement act).

That a large part of the legislation passed by this session of Congress should have emanated from the White House is natural enough. A Democrat was President. In both Houses of Congress his followers had almost unprecedented majorities.

The Constitution says that the President "shall from time to time give to the Congress information of the State of the Union, and recommend to their consideration such measures as he shall judge necessary and convenient."

President Roosevelt took quite literally the phrase "from time to time." He used it in his initial message to the Congress: "I shall consult with you from time to time concerning other measures of national importance." The result was a series of messages each dealing with an individual piece of legislation.

The natural result was that, in the public mind, most new laws are believed to be labeled "President Roosevelt." The Bank Act, the Wagner Act, the Guffey Act, the Social Security Act, the Tax Act, the Railroad Pension Act, the Work Relief Act—most of us think of them as Administration measures shaped according to the President's orders.

But were they? As one shrewd observer put it:

"The President got what he asked for so far as labels went. The boxes were marked and delivered at the White House as ordered. The public is inclined to think they contained just what Mr. Roosevelt ordered. But when the packages are unwrapped and the contents examined, there'll be found a number of changes in contents."

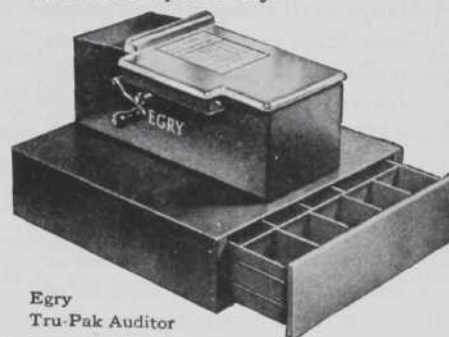
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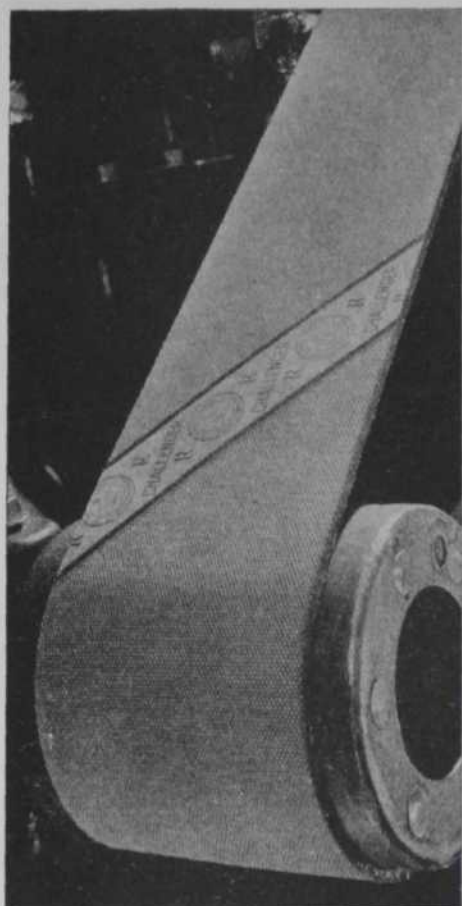


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In other words, Congress, although it passed a great majority of the measures which the President called for, did make considerable changes in some of them.

The Banking Act, the Utilities (holding company) Act, the Revenue Act, even the Social Security Act, are examples.

The Banking bill, as it started its way through Congress, was an Eccles bill. The Controller of the Currency assumed paternity but it was accepted that it had White House approval. When it came out it was rather a Glass bill than an Eccles bill, at least so far as Title II—relating to the make-up and powers of the Reserve Board—was concerned.

Changed by Congress

THE Public Utility Act, aimed at holding companies in the electricity and gas business, was another measure which underwent sharp changes. Drastic as it still is, it is milder than the President proposed. Holding companies must register with the Securities Commission; but not until Jan. 1, 1938 is the Commission required to have each holding company system limited to a single integrated public utility system.

The Revenue Act did not follow closely the President's message. His proposals were unimportant as a revenue raiser.

They were to penalize bigness, to "soak the rich." The new Act will produce more revenue and is much less of an attack at large fortunes and large incomes.

Nevertheless the President got much for which he pleaded. To repeat his language: "This basic program has now been completed;" business has been brought further under federal control, the power of the central Government at Washington has been increased, the task of taking from those who have saved to give to the improvident has progressed further.

In doing all this, President Roosevelt said that his Administration was "pledged to a very considerable legislative program."

Business sadly recalls certain parts of that program adopted by the Democratic Convention:

We advocate an immediate and drastic reduction of governmental expenditures to accomplish a saving of not less than 25 per cent in the cost of Federal Government.

We favor maintenance of the national credit by a federal budget annually balanced.

We advocate a sound currency to be preserved at all hazards.

We condemn the extravagance of the Farm Board . . . and the unsound policy of restricting agricultural products to the demands of domestic markets.

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Hartford inspector examining parts of an engine

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